

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.

Netherlands:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in the Netherlands

- **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 THE NETHERLANDS

BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (income on equity, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 12 weeks after the end of the reference period.

Revision Policy: The data are considered to be final two years after their first release, except for occasional major revisions, such as those resulting from a change in methodology.

Data Coverage: No major industrial sectors are excluded from the data.

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

Data Sources: The data for all components except reinvested earnings are compiled from an international transactions recording system (ITRS). The data on reinvested earnings are derived from an annual enterprise survey of direct investment enterprises in the Netherlands, with the annual data then being divided into 12 equal amounts for use in the monthly data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the ITRS's list of transactors, and (ii) the financial press.

Geographic Classification: Monthly data showing country breakdowns are disseminated for direct investment income and direct investment financial flows, with a timeliness of 12 weeks after the end of the reference period. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment income and direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. The five countries with the largest amount of direct investment flows into the Netherlands during 2000 (ranked in descending order) were: the United States, the United Kingdom, Belgium/Luxembourg, France and Germany.

Industrial Classification: Monthly data showing a breakdown by industrial sector are disseminated for direct investment income and direct investment financial flows, with a timeliness of 12 weeks after the end of the reference period. Data are disseminated based on both (i) the industry of the resident direct investment enterprise, and (ii) the industry of the nonresident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are also disseminated showing a more detailed sectoral breakdown that uses the Standard Branch of Industry (SBI) classification, a classification which is in accordance with the Eurostat classification system, NACE. Data are disseminated showing breakdowns by industrial sector/region or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in the Netherlands: In accordance with the international standards, the basic criterion for defining direct investment enterprises in the Netherlands is 10 percent ownership by a nonresident investor. However, the data (i) exclude enterprises in which the direct investor owns 10 percent or more but does not have an effective voice in management, and (ii) include enterprises in which the investor owns less than 10 percent but has a lasting interest and participates in policy-making. A value threshold is also used to identify direct investment enterprises, in that enterprises with transactions of one million or more Guilders (0.5 million or more Euro) in the ITRS are added to the register for the enterprise survey used to derive the data on reinvested earnings. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the direct investment

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

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, and (ii) realized and unrealized capital gains, unrealized capital losses, write-offs, and exchange rate gains or losses are not included. Contrary to COPC, the data for some enterprises include realized capital losses. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

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 they are paid, rather than the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover incorporated enterprises, but not unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): The data cover interest income from: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover interest from bonds and money market instruments. 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 on a paid basis, rather than on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

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

Treatment of Reverse Investment: Transactions involving reverse investment are not treated in accordance with the international standards in most instances. Assuming that the direct investment enterprise is a resident of the Netherlands 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, loan transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. However, contrary to the international standards, equity transactions are recorded as “Direct Investment in the Netherlands: Decreased in Liabilities to Direct Investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. In addition, contrary to the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, (i) equity transactions are recorded as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”, and (ii) loan transactions are recorded as “Direct Investment in the Netherlands: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment in the Netherlands: Increase in Claims on Direct Investors” in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in the Netherlands by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: Not applicable. There are no offshore enterprises established in the Netherlands by nonresidents.

Treatment of Special Purpose Entities (SPEs): Contrary to the international standards, activities of SPEs established in the Netherlands by nonresidents are generally not included in the direct investment data. This practice is in accordance with the national accounts, compiled and published by the Central Bureau of Statistics in the Netherlands, which do not include activities of SPEs in the foreign direct investment data. However, data including the activities of SPEs are reported to the European Central Bank, and there are plans to begin to include the activities of SPEs in the published direct investment data in the future.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings in the Netherlands by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration in the Netherlands by nonresidents.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded. However, the exchange rates used for converting the reinvested earnings data varies according to the accounting practices of the individual reporting enterprises.

DIRECT INVESTMENT IN THE NETHERLANDS

INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 9 months after the end of the reference period.

Revision Policy: The data are revised one year after their first release, at which time they are considered to be final, except for occasional major revisions, such as those resulting from a change in methodology.

Data Coverage: No major industrial sectors are excluded from the data. However, unincorporated enterprises are not included in the data, except for the data reported to the IMF for its publications.

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data on equity capital and reinvested earnings are compiled from annual enterprise surveys of direct investment enterprises in the Netherlands. The data on other capital are derived from an international transactions recording system (ITRS) transactions data, using a perpetual inventory method, with adjustments made for exchange rate changes, but not for price changes. Published sources, such as company accounts, and press reports are also used for cross-checking the data obtained from the surveys. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis, using information from (i) the ITRS's list of transactors, and (ii) the financial press.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated with a timeliness of 39 weeks after the end of the reference period. In accordance with the international standards, the data are compiled on an “immediate country” basis. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. The five countries with the largest amount of direct investment in the Netherlands as at the end of 2000 (ranked in descending order) were: the United States, Belgium/Luxembourg, the United Kingdom, France, and Germany.

Industrial Classification: Annual (calendar year) data showing a breakdown by industrial sector are disseminated with a timeliness of 39 weeks after the end of the reference period. Data are disseminated based on both (i) the industry of the resident direct investment enterprise, and (ii) the industry of the nonresident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are also disseminated showing a more detailed sectoral breakdown that uses the Standard Branch of Industry (SBI) classification, a classification which is in accordance with the Eurostat classification system, NACE. Data are disseminated showing breakdowns industrial sector/region or economic zones for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in the Netherlands: In accordance with the international standards, the basic criterion for defining direct investment enterprises in the Netherlands is 10 percent ownership by a nonresident investor. However, the data (i) exclude enterprises in which the direct investor owns 10 percent or more but does not have an effective voice in management, and (ii) include enterprises in which the investor owns less than 10 percent but has a lasting interest and participates in policy-making. A value threshold is also used to identify direct investment enterprises, in that enterprises with transactions of one million or more Guilders (0.5 million or more Euro) in the ITRS are added to the register for the enterprise survey used to derive the data on equity capital and reinvested earnings. Unincorporated enterprises are treated differently from incorporated enterprises in that they are excluded from the published position data, with the exception of those data reported to the IMF for publication in the *International Financial Statistics* and the *Balance of Payments Statistics Yearbook*.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the relevant share of indirectly-owned direct investment enterprises are not included in (i) the reinvested earnings data, and (ii) the equity and other

capital position data. Enterprises in the Netherlands are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings: The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover incorporated enterprises, but not unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned. (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 the Netherlands.)

Treatment of Other Capital: The data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not include: (i) bonds and money market instruments, (ii) financial leases, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) 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, the data include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Positions involving reverse investment are not treated in accordance with the international standards in most instances. Assuming that the direct investment enterprise is a resident of the Netherlands 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, loan positions are recorded in accordance with the international standards as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". However, contrary to the international standards, equity positions are recorded as "Liabilities: Direct Investment in the Netherlands: Liabilities to Direct Investors", rather than as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". In addition, contrary to the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, (i) equity positions are recorded as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises", and (ii) loan positions are recorded as "Liabilities: Direct Investment in the Netherlands: Liabilities to Direct Investors", rather than as "Liabilities: Direct Investment in the Netherlands: Claims on Direct Investors" in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in the Netherlands by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: Not applicable. There are no offshore enterprises established in the Netherlands by nonresidents.

Treatment of Special Purpose Entities (SPEs): Contrary to the international standards, activities of SPEs established in the Netherlands by nonresidents are generally not included in the direct investment data. This practice is in accordance with the national accounts, compiled and published by the Central Bureau of Statistics in the Netherlands, which do not include activities of SPEs in the foreign direct investment data. However, data including the activities of SPEs are reported to the European Central Bank, and there are plans to begin to include the activities of SPEs in the published direct investment data in the future.

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings in the Netherlands by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration in the Netherlands by nonresidents.

Valuation: Contrary to the international standards, the data for equity capital are recorded primarily at book values, rather than market value, although respondents are asked to ensure these are as close as possible to the actual values. The data on other capital are accumulated transactions and no adjustments are made for price changes.

Exchange Rate Conversion: The exchange rate prevailing on the day to which the position data relate is used to convert foreign currencies into the unit of account.

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (income on equity, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 12 weeks after the end of the reference period.

Revision Policy: The data are considered to be final two years after their first release, except for occasional major revisions, such as those resulting from a change in methodology.

Data Coverage: No major industrial sectors are excluded from the data.

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

Data Sources: The data for all components except reinvested earnings are compiled from an international transactions recording system (ITRS). The data on reinvested earnings are derived from an annual enterprise survey of residents with direct investment enterprises abroad, with the annual data then being divided into 12 equal amounts for use in the monthly data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the ITRS's list of transactors, and (ii) the financial press.

Geographic Classification: Monthly data showing country breakdowns are disseminated for direct investment income and direct investment financial flows, with a timeliness of 12 weeks after the end of the reference period. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment income and direct investment financial flows by regions or economic zones for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. The five countries with the largest amount of direct investment flows from residents of the Netherlands during 2000 (ranked in descending order) were: the United States, Germany, the United Kingdom, Belgium/Luxembourg, and France.

Industrial Classification: Monthly data showing a breakdown by industrial sector are disseminated for direct investment income and direct investment financial flows, with a timeliness of 12 weeks after the end of the reference period. Data are disseminated based on both (i) the industry of the resident direct investor, and (ii) the industry of the nonresident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are also disseminated showing a more detailed sectoral breakdown that uses the Standard Branch of Industry (SBI) classification, a classification which is in accordance with the Eurostat classification system, NACE. Data are disseminated showing breakdowns by industrial sector/region or economic zones for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor. However, the data (i) exclude enterprises in which the direct investor owns 10 percent or more but does not have an effective voice in management, and (ii) include enterprises in which the investor owns less than 10 percent but has a lasting interest and participates in policy-making. A value threshold is also used to identify direct investors abroad, in that investors with transactions of one million or more Guilders (0.5 million or more Euro) in the ITRS are added to the register for the enterprise survey used to derive the data on reinvested earnings. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises. However, in

accordance with the FCS, the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in the Netherlands are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

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, and (ii) realized and unrealized capital gains and unrealized capital losses, write-offs, and exchange rate gains or losses are not included. Contrary to COPC, the data for some enterprises include realized capital losses. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

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 they are paid, rather than the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover incorporated enterprises, but not unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): The data cover interest income from: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover interest from bonds and money market instruments. 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 on a paid basis, rather than on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares) and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

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

Treatment of Reverse Investment: Transactions involving reverse investment are not treated in accordance with the international standards in most instances. Assuming that the direct investment enterprise is a resident of the Netherlands 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, loan transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. However, contrary to the international standards, equity transactions are recorded as “Direct Investment in the Netherlands: Decreased in Liabilities to Direct Investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. In addition, contrary to the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, (i) equity transactions are recorded as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”, and (ii) loan transactions are recorded as “Direct Investment in the Netherlands: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment in the Netherlands: Increase in Claims on Direct Investors” in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of the Netherlands 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 the Netherlands are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established abroad by residents of the Netherlands are generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established abroad by residents of the Netherlands that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are not excluded from the data. However, there are plans to begin to exclude these transactions in the future.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by resident enterprises and individuals of the Netherlands.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by resident enterprises and individuals.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded. However, the exchange rates used for converting the reinvested earnings data varies according to the accounting practices of the individual reporting enterprises.

THE NETHERLANDS: DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability: Annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 9 months after the end of the reference period.

Revision Policy: The data are revised one year after their first release, at which time they are considered to be final, except for occasional major revisions, such as those resulting from a change in methodology.

Data Coverage: No major industrial sectors are excluded from the data. However, unincorporated enterprises are not included in the data, except for the data reported to the IMF for its publications.

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data on equity capital and reinvested earnings are compiled from annual enterprise surveys of residents with direct investment enterprises abroad. The data on other capital are derived from an international transactions recording system (ITRS) transactions data, using a perpetual inventory method, with adjustments made for exchange rate changes, but not for price changes. Published sources, such as company accounts, and press reports are also used for cross-checking the data obtained from the surveys. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis, using information from (i) the ITRS's list of transactors, and (ii) the financial press.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated with a timeliness of 39 weeks after the end of the reference period. In accordance with the international standards, the data are compiled on an “immediate country” basis. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns by regions or economic zones for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. The five countries with the largest amount of direct investment from residents of the Netherlands as at the end of 2000 (ranked in descending order) were: the United States, Belgium/Luxembourg, the United Kingdom, Germany and France.

Industrial Classification: Annual (calendar year) data showing a breakdown by industrial sector are disseminated with a timeliness of 39 weeks after the end of the reference period. Data are disseminated based on both (i) the industry of the resident direct investor, and (ii) the industry of the nonresident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are also disseminated showing a more detailed sectoral breakdown that uses the Standard Branch of Industry (SBI) classification, a classification which is in accordance with the Eurostat classification system, NACE. Data are disseminated showing breakdowns industrial sector/region or economic zones for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor. However, the data (i) exclude enterprises in which the direct investor owns 10 percent or more but does not have an effective voice in management, and (ii) include enterprises in which the investor owns less than 10 percent but has a lasting interest and participates in policy-making. A value threshold is also used to identify direct investors abroad, in that investors with transactions of one million or more Guilders (0.5 million or more Euro) in the ITRS are added to the register for the enterprise survey used to derive the data on equity capital and reinvested earnings. Unincorporated enterprises are treated differently from incorporated enterprises in that they are excluded from the published position data, with the exception of those data reported to the IMF for publication in the *International Financial Statistics* and the *Balance of Payments Statistics Yearbook*.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the relevant share of indirectly-owned direct investment enterprises are not included in: (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in the Netherlands are required by law to (i) produce consolidated accounts

covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings: The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover incorporated enterprises, but not unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned. (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 data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not include: (i) bonds and money market instruments, (ii) financial leases, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) 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, the data include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Positions involving reverse investment are not treated in accordance with the international standards in most instances. Assuming that the direct investment enterprise is a resident of the Netherlands 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, loan positions are recorded in accordance with the international standards as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". However, contrary to the international standards, equity positions are recorded as "Liabilities: Direct Investment in the Netherlands: Liabilities to Direct Investors", rather than as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". In addition, contrary to the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, (i) equity positions are recorded as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises", and (ii) loan positions are recorded as "Liabilities: Direct Investment in the Netherlands: Liabilities to Direct Investors", rather than as "Liabilities: Direct Investment in the Netherlands: Claims on Direct Investors" in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of the Netherlands 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 the Netherlands are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established abroad by residents of the Netherlands are generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established abroad by residents of the Netherlands that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions in equity capital and permanent debt, are not excluded from the data. However, there are plans to begin to exclude these positions in the future.

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings abroad by resident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by residents of the Netherlands.

Valuation: Contrary to the international standards, the data for equity capital are recorded primarily at book values, although respondents are asked to ensure these are as close as possible to the actual values. The data on other capital are accumulated transactions and no adjustments are made for price changes.

Exchange Rate Conversion: The exchange rate prevailing on the day to which the position data relate is used to convert foreign currencies into the unit of account.