

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.

## **Poland:**

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

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### **Direct Investment in Poland**

- **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 POLAND

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

#### A. Compilation Practices and Data Sources

**Data Availability:** Preliminary monthly data (the most timely 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 1 month after the end of the reference period. Annual, calendar year, data (the most comprehensive 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 36 weeks (9 months) after the end of the reference period.

**Revision Policy:** The monthly data are subject to revision for the first two months after they are first released, at which time they become final. Prior to 2000 the annual data were final when first released. Beginning with the data for the 2000 reference year, the annual data will be revised one year after their first release, at which time they will become final.

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

**Data Collection Methods:** The monthly data are collected on an individual transactions basis, while the annual data are collected on an aggregate basis. Reporting requirements are compulsory.

**Data Sources:** The monthly data are compiled from an international transactions reporting system (ITRS). The annual data are compiled primarily from enterprise surveys of direct investment enterprises in Poland (quarterly surveys for the data on other capital, and annual surveys for the data on equity capital and reinvested earnings). Information obtained from the ITRS is used as a secondary data source for the annual data. Information from (i) published sources, such as company accounts, (ii) exchange control authorities or investment approval authorities, and (iii) press reports, are 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 annual basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional branches of offices of the National Bank of Poland, (iv) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments within the statistical agency, and (v) the financial press.

**Geographic Classification:** Annual (calendar year) data are disseminated on direct investment income and direct investment financial flows with a timeliness of 36 weeks (9 months) 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 used in the compilation of the data. Data are disseminated showing breakdowns of both 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 Poland during 2000 (ranked in descending order) were: France, the Netherlands, Germany, Sweden, and Italy.

**Industrial Classification:** Annual (calendar year) data showing breakdowns by industrial sector are disseminated for direct investment income and direct investment financial flows with a timeliness of 36 weeks (9 months) after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The data are classified at the class level of the NACE system used by the European Union, a classification that broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are disseminated showing breakdowns by industrial sector/region or economic zone 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 Poland:** In accordance with the international standards, the basic criterion for defining direct investment enterprises in Poland 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.

(Prior to 1997 the criterion of "an effective voice in management" was used.) No value threshold is used to identify direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The "Fully Consolidated System" (FCS) recommended in the international standards is partially applied. In accordance with the FCS, (i) the direct investment earning data for income on debt (interest) include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, contrary to the FCS, (i) the direct investment earnings data for dividends and distributed branch profits and reinvested earnings 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 capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Poland 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, provisions are made for host-country income and corporation taxes. Contrary to COPC, (i) deductions are not made for depreciation of capital, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses, are included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings. (Data prior to 1995 did not include net losses.)

**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) in the case of the unincorporated enterprises, net, rather than gross, of any withholding taxes. In accordance with the international standards, dividends and distributed branch profits of incorporated enterprises are recorded gross of any withholding taxes.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover both incorporated enterprises and unincorporated enterprises. (Prior to 1999 the law did not permit the establishment of unincorporated direct investment enterprises in Poland.) 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, and (ii) short-term loans. The data do not cover interest income from: (i) bonds and money market instruments, and (ii) 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 on a due for payment basis, rather than 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) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, 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. Transactions associated with permanent debt between affiliated financial intermediaries are not applicable at present.

**Treatment of Reverse Investment:** Not applicable. The total amount of transactions involving reverse investment is too small at present to be recorded in the balance of payments statistics.

**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 Poland by nonresidents of construction

enterprises. Quasi-corporations arising from the operation in Poland by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, are not applicable at present.

**Treatment of Offshore Enterprises:** Not applicable. There are no offshore enterprises established in Poland by nonresidents at present.

**Treatment of Special Purpose Entities (SPEs):** Not applicable. There are no SPEs established in Poland by nonresidents at present.

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

**Treatment of Natural Resources Exploration:** Not applicable. There is no natural resource exploration in Poland by nonresidents at present.

**Exchange Rate Conversion:** Monthly transactions are converted to the unit of account at the exchange rate prevailing on the day of the transactions. The annual data are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

## DIRECT INVESTMENT IN POLAND

### 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 final when first released. Beginning with the data for the reference year 2000, the data will be revised one year after their first release, at which time they will become final.

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

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled from enterprise surveys of direct investment enterprises in Poland (quarterly surveys for the data on other capital, and annual surveys for the data on equity capital and reinvested earnings). Information from (i) an international transactions reporting system, (ii) published sources, such as company accounts, (iii) exchange control authorities or investment approval authorities, and (iv) press reports, are used for cross-checking the data obtained from the surveys. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional branches of offices of the National Bank of Poland, (iv) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments within the statistical agency, and (v) the financial press.

**Geographic Classification:** Annual data showing country breakdowns are disseminated with a timeliness of 9 months 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 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 Poland as at the end of 2000 (ranked in descending order) were: the Netherlands, Germany, France, the United States, and Sweden.

**Industrial Classification:** Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 9 months after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The data are classified at the class level of the NACE system used by the European Union, a classification that broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are disseminated showing breakdowns by industrial sector/region or economic zone 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 Poland:** In accordance with the international standards, the basic criterion for defining direct investment enterprises in Poland 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. (Prior to 1997 the criterion of “an effective voice in management” was used.) No value threshold is used to identify direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity capital position data. However, in accordance with the FCS, the relevant share of indirectly-owned direct investment enterprises is included in the other capital position data. Enterprises in Poland 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 cover both incorporated enterprises and unincorporated enterprises. (Prior to 1999 the law did not permit the establishment of unincorporated direct investment enterprises in Poland.) In accordance with the international standards, the reinvested earnings 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 Poland.)

**Treatment of Other Capital:** The data cover: (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, 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. Positions associated with permanent debt between affiliated financial intermediaries are not applicable at present.

**Treatment of Reverse Investment:** Not applicable. The total amount of the stocks (positions) involving reverse investment is too small at present to be recorded in the balance of payments statistics.

**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 Poland by nonresidents of construction enterprises. Quasi-corporations arising from the operation in Poland by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, are not applicable at present.

**Treatment of Offshore Enterprises:** Not applicable. There are no offshore enterprises established in Poland by nonresidents at present.

**Treatment of Special Purpose Entities (SPEs):** Not applicable. There are no SPEs established in Poland by nonresidents at present.

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

**Treatment of Natural Resources Exploration:** Not applicable. There is no natural resource exploration in Poland by nonresidents at present.

**Valuation:** Contrary to the international standards, the data are reported at book values, rather than at market values. The book values used for equity capital and reinvested earnings data are the balance sheet values based on interim but not current revaluations. The book value used for the other capital data is the face value of the debt instruments.

**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.

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary monthly data (the most timely 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 1 month after the end of the reference period. Annual (calendar year) data (the most comprehensive 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 36 weeks (9 months) after the end of the reference period.

**Revision Policy:** The monthly data are subject to revision for the first two months after they are first released, at which time they become final. Prior to 2000 the annual data were final when first released. Beginning with the data for the 2000 reference year, the annual data will be revised one year after their first release, at which time they will become final.

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

**Data Collection Methods:** The monthly data are collected on an individual transactions basis, while the annual data are collected on an aggregate basis. Reporting requirements are compulsory.

**Data Sources:** The monthly data are compiled from an international transactions reporting system (ITRS). The annual data are compiled primarily from enterprise surveys of residents with direct investment enterprises abroad (quarterly surveys for the data on other capital, and annual surveys for the data on equity capital and reinvested earnings). Information obtained from the ITRS is used as a secondary data source for the annual data. Information from (i) published sources, such as company accounts, (ii) exchange control authorities or investment approval authorities, and (iii) press reports, are 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 annual basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional branches of offices of the National Bank of Poland, (iv) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments within the statistical agency, and (v) the financial press.

**Geographic Classification:** Annual (calendar year) data are disseminated on direct investment income and direct investment financial flows with a timeliness of 36 weeks (9 months) 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 used in the compilation of the data. Data are disseminated showing breakdowns of both 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 Poland during 2000 (ranked in descending order) were: the Czech Republic, Austria, Israel, the Netherlands, and the United Kingdom.

**Industrial Classification:** Annual (calendar year) data showing breakdowns by industrial sector are disseminated for direct investment income and direct investment financial flows with a timeliness of 36 weeks (9 months) after the end of the reference period. The data are based on the industry of the nonresident direct investment enterprise. The data are classified at the class level of the NACE system used by the European Union, a classification that broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are disseminated showing breakdowns by industrial sector/region or economic zone 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, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. (Prior to

1997 the criterion of “an effective voice in management” was used.) A value threshold of 500 USD participation in equity capital is used to identify direct investors abroad, but the data include estimates for enterprises below that threshold. 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. In accordance with the FCS, (i) the direct investment earning data for income on debt (interest) include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, contrary to the FCS, (i) the direct investment earnings data for dividends and distributed branch profits and reinvested earnings 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 capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Poland 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, provisions are made for host-country income and corporation taxes. Contrary to COPC, (i) deductions are not made for depreciation of capital, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses, are included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings. (Data prior to 1995 did not include net losses.)

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

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover both incorporated enterprises and 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) financial leases. The data do not cover interest income from: (i) bonds and money market instruments, and (ii) 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 on a due for payment basis, rather than 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) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, 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. Transactions associated with permanent debt between affiliated financial intermediaries are not applicable at present.

**Treatment of Reverse Investment:** Not applicable. The total amount of transactions involving reverse investment is too small at present to be recorded in the balance of payments statistics.

**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 Polish residents of construction enterprises. (Prior to 1995 these activities were not included in the data.) There are no quasi-corporations



arising from the operation abroad by Polish residents of mobile equipment, such as ships, aircraft, and drilling rigs, at present.

**Treatment of Offshore Enterprises:** In accordance with the international standards, the data include the activities of offshore enterprises established abroad by Polish residents.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established abroad by Polish residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Polish residents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital, are excluded from the data. Contrary to the international standards, in the case of SPEs established abroad by Polish residents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries involving permanent debt are not included in the data.

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

**Treatment of Natural Resources Exploration:** Not applicable. There is no natural resource exploration abroad by Polish residents at present.

**Exchange Rate Conversion:** Monthly transactions are converted to the unit of account at the exchange rate prevailing on the day of the transactions. The annual data are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

**POLAND: 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 final when first released. Beginning with the data for the reference year 2000, the data will be revised one year after their first release, at which time they will become final.

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

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled from annual enterprise surveys of residents with direct investment enterprises abroad. Information from (i) an international transactions reporting system, (ii) published sources, such as company accounts, (iii) exchange control authorities or investment approval authorities, and (iv) press reports, are used for cross-checking the data obtained from the surveys. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional branches of offices of the National Bank of Poland, (iv) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments within the statistical agency, and (v) the financial press.

**Geographic Classification:** Annual data showing country breakdowns are disseminated with a timeliness of 9 months 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 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 Poland as at the end of 2000 (ranked in descending order) were: Belgium/Luxembourg, the United Kingdom, the United States, Germany, and Switzerland.

**Industrial Classification:** Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 9 months after the end of the reference period. The data are based on the industry of the nonresident direct investment enterprise. The data are classified at the class level of the NACE system used by the European Union, a classification that broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data are disseminated showing breakdowns by industrial sector/region or economic zone 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, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. (Prior to 1997 the criterion of “an effective voice in management” was used.) A value threshold of 500 USD participation in equity capital is used to identify direct investors abroad, but the data include estimates for enterprises below that threshold. 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 relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity capital position data. However, in accordance with the FCS, the relevant share of indirectly-owned direct investment enterprises is included in the other capital position data. Enterprises in Poland 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 both incorporated enterprises and 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) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, 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. Positions associated with permanent debt between affiliated financial intermediaries are not applicable at present.

**Treatment of Reverse Investment:** Not applicable. The total amount of the stocks (positions) involving reverse investment is too small at present to be recorded in the balance of payments statistics.

**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 Polish residents of construction enterprises. (Prior to 1995 these activities were not included in the data.) There are no quasi-corporations arising from the operation abroad by Polish residents of mobile equipment, such as ships, aircraft, and drilling rigs, at present.

**Treatment of Offshore Enterprises:** In accordance with the international standards, the data include activities of offshore enterprises established abroad by Polish residents.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established abroad by Polish residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Polish residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital, are excluded from the data. Contrary to the international standards, in the case of SPEs established abroad by Polish residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries involving permanent debt are not included in the data.

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

**Treatment of Natural Resources Exploration:** Not applicable. There is no natural resource exploration abroad by Polish residents at present.

**Valuation:** Contrary to the international standards, the data are reported at book values, rather than at market values. The book values used for equity capital and reinvested earnings data are the balance sheet values based on interim but not current revaluations. The book value used for the other capital data is the face value of the debt instruments.

**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.