

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.

## **Russia:**

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

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### **Direct Investment in Russia**

- **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 RUSSIA**  
**BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary quarterly 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 3 months after the end of the reference period. Monthly data, covering the banking sector only, are compiled with a timeliness of one month, but are not disseminated to the general public.

**Revision Policy:** The data are generally considered to be final 12 months after their first release. However, if new data sources are used, the data for earlier periods can be subject to revision.

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

**Data Collection Methods:** Data are collected on an aggregate basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled from the following sources: (i) monthly and quarterly reports of banks to the Central Bank of Russia; (ii) quarterly surveys of enterprises involved in foreign investment in Russia conducted by Goskomstat (the State Committee on Statistics) of Russia, (iii) information obtained from exchange control or investment approval authorities, (iv) data provided by the Russian Federal Fund of Property, (v) information from individual enterprises, especially those involved in projects under production sharing agreements, and (vi) bilateral information provided by Belarus. Press reports are used as a means of checking the accuracy of the data reported by the enterprises. Registers of enterprises involved in direct investment are maintained by government licensing and regulatory authorities. A register of banks is maintained by the Central Bank of Russia, and is updated on an ongoing basis. Registers of direct investment enterprises in the nonfinancial sectors are maintained by Goskomstat and updated on a quarterly basis.

**Geographic Classification:** Quarterly data on the banking sector and nonfinancial enterprises showing geographic breakdowns are disseminated for direct investment income and financial flows, with a timeliness of 3 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. The data show only the breakdown for the (i) CIS countries, and (ii) non-CIS countries (The “Far Abroad”) regions/economic zones. Data showing breakdowns by country are compiled but are not disseminated on a regular basis.

**Industrial Classification:** No breakdowns by industry are disseminated for the direct investment data included in the balance of payments statistics. Goskomstat of Russia compiles and disseminates cumulative quarterly data showing a breakdown by industry for direct investment financial flows, with a timeliness of 2 months after the end of the reference period. In addition, Goskomstat compiles, but does not disseminate, data showing a breakdown by industry for direct investment income flows. However, these data are not consistent with the direct investment data included in the balance of payments statistics. The Goskomstat data are based on the industry of the resident direct investment enterprise. The classification is based on the industrial structure used on the statistical reporting forms of Goskomstat of Russia. Data showing a breakdown by industrial sector/partner country are disseminated for the three largest partner countries. Data showing a breakdown by industrial sector/other countries are compiled but not disseminated.

**B. Methodology**

**Definition of Direct Investment Enterprises in Russia:** In accordance with the international standards, the basic criterion for defining direct investment enterprises in Russia 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.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended by 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 Russia are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company.

**Measurement of Direct Investment Earnings:** Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are not made for depreciation of capital, or for provisions for host-country income and corporation taxes, 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.

**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 on the date they are paid, rather than the date they are payable. However, in accordance with the international standards, they are recorded 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 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 (ii) 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 and between affiliated financial intermediaries.

**Treatment of Reverse Investment:** Transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Russia 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, equity and 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, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities” and loan transactions are recorded as “Other Investment: Increase in Assets: Loans”, rather than as “Direct Investment in Russia: Increase in Claims on Direct Investors” in both instances.

**Treatment of Quasi-corporations:** In accordance with the international standards, the data include the activities of quasi-corporations involving the operation in Russia by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

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

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established in Russia by nonresidents are generally included in the direct investment data, and (ii) the

case of SPEs established in Russia by nonresidents 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 excluded from the data.

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

**Treatment of Natural Resources Exploration:** In accordance with the international standards, expenditure on natural resource exploration in Russia by nonresidents is included in the data.

**Exchange Rate Conversion:** Transactions of most nonfinancial enterprises are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded. Transactions of banks are converted at the exchange rate prevailing on the day of the transaction.

## DIRECT INVESTMENT IN RUSSIA

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

#### A. Compilation Practices and Data Sources

**Data Availability:** Quarterly data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 3 months after the end of the reference period. These data cover the banking sector only. There are plans to begin to disseminate annual data covering the nonfinancial sector with a timeliness of 6 months after the end of the reference year, beginning with the data for 2001. Monthly data, covering the banking sector only, are compiled with a timeliness of one month, but are not disseminated.

**Revision Policy:** The data are generally considered to be final 12 months after their first release. However, if new data sources are used, the data for earlier periods can be subject to revision.

**Data Coverage:** The quarterly data disseminated cover only the banking sector. With effect from 2002 it is planned to begin to disseminate annual data with a timeliness of 6 months after the end of the reference period that cover both the banking sector and the nonfinancial sectors.

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

**Data Sources:** The data on the banking sector are compiled by the Central Bank of Russia using information obtained from the banks. The data for the nonfinancial enterprises are compiled by Goskomstat of Russia primarily from annual enterprise surveys of direct investment enterprises in Russia. Information from exchange control or investment approval authorities is used as a secondary data source. Other data sources used are: (i) data provided by the Russian Federal Fund of Property, (ii) information from individual enterprises, especially those involved in projects under production sharing agreements, and (iii) bilateral information provided by Belarus. Press reports are used as a means of checking the accuracy of the data reported by the enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used. Registers of enterprises involved in direct investment is maintained by government licensing and regulatory authorities. A register of banks is maintained by the Central Bank of Russia, and is updated on an ongoing basis. Registers of direct investment enterprises in the nonfinancial sectors are maintained by Goskomstat and updated on a quarterly basis.

**Geographic Classification:** Quarterly international investment position data on the banking sector showing geographic breakdowns are disseminated with a timeliness of 3 months after the end of the reference period. Bilateral information is used in the compilation of the data. The breakdown shows only: (i) the CIS countries, and (ii) the non-CIS countries (The “Far Abroad”) regions/economic zones. No breakdowns by country are compiled. Quarterly position data on nonfinancial enterprises showing a breakdown by country are compiled and disseminated by Goskomstat with a timeliness of 2 months, but these data are not consistent with the international investment position data disseminated by the Central Bank of Russia. The breakdown of the Goskomstat data shows only (i) country breakdowns for the CIS countries, (ii) country breakdowns for the 10 largest non-CIS partner countries, and (iii) data for the total non-CIS countries. In accordance with the international standards, the Central Bank of Russia and the Goskomstat data are compiled on an “immediate country” basis.

**Industrial Classification:** International investment position data showing a breakdown by industry are not compiled. Quarterly position data showing a breakdown by industry are compiled by Goskomstat with a timeliness of 2 months, and disseminated on an irregular basis. However, these data are not consistent with the aggregate international investment position data disseminated by the Central Bank of Russia. The Goskomstat data are based on the industry of the resident direct investment enterprise. The classification is based on the industrial structure used on the statistical reporting forms of Goskomstat of Russia. Data showing a breakdown by industrial sector/partner country are compiled but not disseminated. Data showing a breakdown by industrial sector/region or economic zone are not compiled.

#### B. Methodology

**Definition of Direct Investment Enterprises in Russia:** In accordance with the international standards, the basic criterion for defining direct investment enterprises in Russia 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.

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

**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 position data 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 all instances. Assuming that the direct investment enterprise is a resident of Russia 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, equity and 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, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity positions are recorded as “Assets: Portfolio Investment: Equity Securities” and loan positions are recorded as “Assets: Other Investment: Loans”, rather than as “Liabilities: Direct Investment in Russia: Claims on Direct Investors” in both instances.

**Treatment of Quasi-corporations:** In accordance with the international standards, the data include the activities of quasi-corporations involving the operation in Russia by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

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

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established in Russia by nonresidents are generally included in the direct investment data, and (ii) in the case of SPEs established in Russia by nonresidents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are excluded from the data.

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

**Treatment of Natural Resources Exploration:** In accordance with the international standards, expenditure on natural resource exploration in Russia by nonresidents is included in the data.

**Valuation:** In accordance with the international standards, the data for equity capital and other capital for both the banking sector and for the nonfinancial sector are reported primarily at market values. However, equity for enterprises that are not listed on the stock exchange are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

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

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary quarterly 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 3 months after the end of the reference period. Monthly data, covering the banking sector only, are compiled with a timeliness of one month, but are not disseminated to the general public.

**Revision Policy:** The data are generally considered to be final 12 months after their first release. However, if new data sources are used, the data for earlier periods can be subject to revision.

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

**Data Collection Methods:** Data are collected on an aggregate basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled from the following sources (i) monthly and quarterly reports of banks, (ii) quarterly surveys of enterprises involved in foreign investment abroad conducted by Goskomstat (the State Committee on Statistics) of Russia, (iii) information obtained from exchange control or investment approval authorities, (iv) information from individual enterprises, (v) bilateral information provided by Belarus, and (vi) estimates made by the Bank of Russia on residents' expenditures on real estate. Press reports are used as a means of checking the accuracy of the data reported by the enterprises. Registers of enterprises involved in direct investment are maintained by government licensing and regulatory authorities. A register of banks is maintained by the Central Bank of Russia, and is updated on an ongoing basis. Registers of direct investment enterprises in the nonfinancial sectors are maintained by Goskomstat and updated on a quarterly basis.

**Geographic Classification:** Quarterly data on the banking sector showing geographic breakdowns are disseminated for direct investment income and financial flows, with a timeliness of 3 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. The data show only the breakdown for the (i) CIS countries, and (ii) non-CIS countries (The “Far Abroad”) regions/economic zones. Data showing breakdowns by country are not compiled.

**Industrial Classification:** No breakdowns by industry are disseminated for the direct investment data included in the balance of payments statistics. Although Goskomstat of Russia compiles quarterly data showing a breakdown of direct investment by industry for direct investment income and financial flows, with a timeliness of 2 months after the end of the reference period, these data are not disseminated, and are not consistent with the direct investment data included in the balance of payments statistics. The Goskomstat data are based on the industry of the resident direct investor. The classification is based on the industrial structure used on the statistical reporting forms of Goskomstat of Russia. Data showing breakdowns by (i) industrial sector/region and (ii) industrial sector/partner country are compiled but not 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. No value threshold is used to identify direct investors abroad and unincorporated enterprises are not treated differently from incorporated enterprises.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended by 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 Russia are required by law to



produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company.

**Measurement of Direct Investment Earnings:** Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are not made for depreciation of capital and for provisions for host-country income and corporation taxes, 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.

**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 on the date they are paid, rather than the date they are payable. However, in accordance with the international standards, they are recorded 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 on 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 intermediates. 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) 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. However, contrary to the international standards, transactions associated with permanent debt between affiliated financial intermediaries are not included.

**Treatment of Reverse Investment:** Transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Russia 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, equity and 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, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities” and loan transactions are recorded as “Other Investment: Increase in Assets: Loans”, rather than as “Direct Investment in Russia: Increase in Claims on Direct Investors” in both instances.

**Treatment of Quasi-corporations:** In accordance with the international standards, the data include the activities of quasi-corporations involving the operation abroad by Russian residents 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 Russian residents are generally included in the direct investment data.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established abroad by Russian residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Russian residents 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 excluded from 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 Russian resident enterprises and individuals.

**Treatment of Natural Resources Exploration:** In accordance with the international standards, expenditure on natural resource exploration abroad by Russian residents is included in the data.

**Exchange Rate Conversion:** Transactions of most nonfinancial enterprises are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded. Transactions of banks are converted either at the average exchange rate in the period in which the transactions are recorded or at the exchange rate prevailing on the day of the transaction.

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Quarterly data on (i) equity capital and reinvested earnings, and (ii) other capital are disseminated with a timeliness of 3 months after the end of the reference period. These data cover the banking sector only. There are plans to begin to disseminate annual data covering the nonfinancial sector with a timeliness of 6 months after the end of the reference year beginning with the data for 2001. Monthly data, covering the banking sector only, are compiled with a timeliness of one month, but are not disseminated.

**Revision Policy:** The data are generally considered to be final 12 months after their first release. However, if new data sources are used, the data for earlier periods can be subject to revision.

**Data Coverage:** The quarterly data disseminated cover only the banking sector. With effect from 2002 it is planned to begin to disseminate annual data with a timeliness of 6 months after the end of the reference period that cover both the banking sector and the nonfinancial sectors.

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

**Data Sources:** The data are compiled from the following sources (i) monthly and quarterly reports of banks, (ii) quarterly surveys of enterprises involved in foreign investment abroad conducted by Goskomstat (the State Committee on Statistics) of Russia, (iii) information obtained from exchange control or investment approval authorities, (iv) information from individual enterprises, (v) bilateral information provided by Belarus, and (vi) estimates made by the Central Bank of Russia. Press reports are used as a means of checking the accuracy of the data reported by the enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used. Registers of enterprises involved in direct investment are maintained by government licensing and regulatory authorities. A register of banks is maintained by the Central Bank of Russia, and is updated on an ongoing basis. Registers of direct investment enterprises in the nonfinancial sectors are maintained by Goskomstat and updated on a quarterly basis.

**Geographic Classification:** Quarterly position data on the banking sector showing geographic breakdowns are disseminated with a timeliness of 3 months after the end of the reference period. Bilateral information is used in the compilation of the data. The breakdown shows only: (i) the CIS countries, and (ii) the non-CIS countries (The “Far Abroad”) regions/economic zones. No breakdowns by country are compiled. Quarterly data on nonfinancial enterprises showing a breakdown by country are compiled and disseminated by Goskomstat with a timeliness of 2 months, but these data are not consistent with the international investment position data disseminated by the Central Bank of Russia. The breakdown of the Goskomstat data shows only (i) country breakdowns for the CIS countries, (ii) country breakdowns for the 10 largest non-CIS partner countries, and (iii) data for the total non-CIS countries. In accordance with the international standards, the Central Bank of Russia data and the Goskomstat data are compiled on an “immediate country” basis.

**Industrial Classification:** International investment position data showing a breakdown by industry are not compiled. Although quarterly position data showing a breakdown by industry are compiled by Goskomstat with a timeliness of 2 months, these data are not disseminated and are not consistent with the aggregate international investment position data disseminated by the Central Bank of Russia. The Goskomstat data are based on the industry of the resident direct investor. The classification is based on the industrial structure used on the statistical reporting forms of Goskomstat of Russia. Data showing breakdowns by (i) industrial sector/partner country, and (ii) industrial sector/region or economic zone, are compiled, but not 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. No value threshold is used to identify direct investors abroad and unincorporated enterprises are not treated differently from incorporated enterprises.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended by the international standards is not applied. Specifically, the relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity capital and other capital position data. Enterprises in Russia are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to 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. Contrary to the international standards, the reinvested earnings data are recorded only in the period in which a decision is made to reinvest part of the profit, rather than 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, position data associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries are included.

**Treatment of Reverse Investment:** Positions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Russia 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, equity and 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, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity positions are recorded as “Assets: Portfolio Investment: Equity Securities” and loan positions are recorded as “Assets: Other Investment: Loans”, rather than as “Liabilities: Direct Investment in Russia: Claims on Direct Investors” in both instances.

**Treatment of Quasi-corporations:** In accordance with the international standards, the data include the activities of quasi-corporations involving the operation abroad by Russian residents 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 Russian residents are generally included in the direct investment data.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established abroad by Russian residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Russian residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are excluded from the data.

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

**Treatment of Natural Resources Exploration:** In accordance with the international standards, expenditure on natural resource exploration abroad by Russian residents is included in the data.

**Valuation:** In accordance with the international standards, the data for equity capital and other capital for both the banking sector and for the nonfinancial sector are reported primarily at market values. However, equity for enterprises that are not listed on the stock exchange are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

**Exchange Rate Conversion:** The exchange rate used to convert foreign currencies into the unit of account is primarily that prevailing on the day to which the position data relate. However, the exchange rate prevailing on the day the stocks were acquired is also used in some instances.