

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.

Slovak Republic:

Direct Investment Compilation Practices, Data Sources and Methodology

Contact person:

Mr. Peter Janosik
Specialist
Balance of Payments Section
Monetary Policy Department
National Bank of Slovakia
Stutova c.2
Bratislava
Slovak Republic

Telephone: (421-7) 5953-2874
Fax: (421-7) 5953-6504
E-mail: peter.janosik@nbs.sk

Direct Investment in the Slovak Republic

- **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 SLOVAK REPUBLIC
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, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital) are disseminated with a timeliness of no later than one quarter after the end of the reference period. Preliminary quarterly data, the most comprehensive data, are disseminated with a timeliness of two quarters (6 months) after the end of the reference period.

Revision Policy: The monthly data become final 3 months after their first release. The quarterly data are revised once a year, 18 months after the end of the reference year, at which time they are generally considered to be final. However the quarterly data for earlier years can be revised in the case of significant revisions.

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 monthly data are compiled from (i) aggregate transactions data provided by the commercial banks, and (ii) surveys of foreign assets and liabilities of enterprises in the Slovak Republic. The quarterly data are compiled from quarterly enterprise surveys of direct investment enterprises in the Slovak Republic. 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 a quarterly basis using information from the Statistical Office of Slovakia.

Geographic Classification: Quarterly data showing country breakdowns are disseminated for direct investment income and direct investment financial flows with a timeliness of 2 quarters (6 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 not 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, and (iii) the OECD. The five countries with the largest amount of direct investment flows into the Slovak Republic during 2001 (ranked in descending order) were: Italy, Austria, Germany, the Netherlands, and the United Kingdom.

Industrial Classification: Quarterly data showing breakdowns by industrial sector are disseminated for direct investment income and direct investment financial flows with a timeliness of 2 quarters (6 months) 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 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, and (iii) the OECD. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in the Slovak Republic: In accordance with the international standards, the basic criterion for defining direct investment enterprises in the Slovak Republic 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 in the international standards is partially applied. In accordance with the FCS, the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises. Contrary to the FCS, 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 the Slovak Republic 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. Contrary to COPC, deductions are not made for depreciation of capital, or for provisions for host-country income and corporation taxes. In accordance with COPC, realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not included. Contrary to the international standards, when a direct investment enterprise makes a loss, the net loss is not 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 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) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) 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 between 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) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) 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. Contrary to the international standards, the data do not include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Transactions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of the Slovak Republic and the direct investor is a nonresident, (i) 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 as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”, and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded as “Direct Investment in the Slovak Republic: Increase in Claims on Direct Investors”.

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 Slovak Republic 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 Slovak Republic by nonresidents at present.

Treatment of Special Purpose Entities (SPEs): Not applicable. There are no SPEs established in the Slovak Republic 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 the Slovak Republic by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Not applicable. Nonresidents are forbidden by law from undertaking natural resource exploration in the Slovak Republic.

Exchange Rate Conversion: Transactions, except those involving reinvested earnings, are converted to the unit of account at the exchange rate prevailing on the day of the transaction. Reinvested earnings are converted at the exchange rate prevailing at the end of the period in which they are recorded.

DIRECT INVESTMENT IN THE SLOVAK REPUBLIC
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 27 weeks (6 months) after the end of the reference period. It is planned to improve the periodicity of the data to quarterly with effect from the data for 2001.

Revision Policy: The data are revised 12 months after they are first released, that is, 18 months after the end of the reference period, at which time they 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 direct investment enterprises in the Slovak Republic. 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 a quarterly basis using information from the Statistical Office of Slovakia.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 27 weeks (6 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 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, and (iii) the OECD. The five countries with the largest amount of direct investment in the Slovak Republic as at the end of 2001 (ranked in descending order) were: Germany, the Netherlands, Austria, the Czech Republic, and the United States.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 27 weeks (6 months) 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 disseminated showing breakdowns by regions or economic zones for: (i) the European Union, (ii) EFTA, and (iii) the OECD. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in the Slovak Republic: In accordance with the international standards, the basic criterion for defining direct investment enterprises in the Slovak Republic 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 in the international standards is fully applied. Specifically, the relevant share of indirectly-owned direct investment enterprises is included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in the Slovak Republic 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 in the Slovak Republic.)

Treatment of Other Capital: The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) 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. Contrary to the international standards, the data do not 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 treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of the Slovak Republic and the direct investor is a nonresident, (i) 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 as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as "Liabilities: Direct Investment in the Slovak Republic: Claims on Direct Investors".

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 Slovak Republic 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 Slovak Republic by nonresidents at present.

Treatment of Special Purpose Entities (SPEs): Not applicable. There are no SPEs established in the Slovak Republic 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 the Slovak Republic by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Not applicable. Nonresidents are forbidden by law from undertaking natural resource exploration in the Slovak Republic.

Valuation: In accordance with the international standards, the data are recorded at market values.

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.

SLOVAK REPUBLIC: 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, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital) are disseminated with a timeliness of no later than one quarter after the end of the reference period. Preliminary quarterly data (the most comprehensive data) are disseminated with a timeliness of two quarters (6 months) after the end of the reference period.

Revision Policy: The monthly data become final 3 months after their first release. The quarterly data are revised once a year, 18 months after the end of the reference year, at which time they are generally considered to be final. However the quarterly data for earlier years can be revised in the case of significant revisions.

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 monthly data are compiled from aggregate transactions data provided by the commercial banks, and surveys of foreign assets and liabilities of Slovak Republic enterprises. The quarterly data are compiled from quarterly enterprise surveys of residents with direct investment enterprises abroad. 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 a quarterly basis using information from the Statistical Office of Slovakia.

Geographic Classification: Quarterly data showing country breakdowns are disseminated for direct investment income and direct investment financial flows with a timeliness of 2 quarters (6 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 not 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, and (iii) the OECD. The five countries with the largest amount of direct investment flows from the Slovak Republic during 2001 (ranked in descending order) were: the United Kingdom, the Czech Republic, Poland, the Netherlands, and Croatia.

Industrial Classification: Quarterly data showing breakdowns by industrial sector are disseminated for direct investment income and direct investment financial flows with a timeliness of 2 quarters (6 months) 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 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, and (iii) the OECD. 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. 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 in the international standards is partially applied. In accordance with the FCS, the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises. Contrary to the FCS, 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 the Slovak Republic 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. Contrary to COPC, deductions are not made for depreciation of capital, or for provisions for host-country income and corporation taxes. In accordance with COPC, realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not included. Contrary to the international standards, when a direct investment enterprise makes a loss, the net loss is not 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 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) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) 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 between 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) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) 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. Contrary to the international standards, the data do not include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Transactions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of the Slovak Republic and the direct investor is a nonresident, (i) 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 as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded as “Direct Investment in the Slovak Republic: Increase in Claims on Direct Investors”.

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 Slovak residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: Not applicable. Offshore enterprises established abroad by Slovak residents cannot be identified at present.

Treatment of Special Purpose Entities (SPEs): Not applicable. SPEs established abroad by Slovak residents cannot be identified at present.

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

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

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. Reinvested earnings are converted at the exchange rate prevailing at the end of the period in which they are recorded.

SLOVAK REPUBLIC: 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 27 weeks (6 months) after the end of the reference period. It is planned to improve the periodicity of the data to quarterly with effect from the data for 2001.

Revision Policy: The data are revised 12 months after they are first released, that is, 18 months after the end of the reference period, at which time they 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. 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 a quarterly basis using information from the Statistical Office of Slovakia.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 27 weeks (6 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 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, and (iii) the OECD. The five countries with the largest amount of direct investment from the Slovak Republic as at the end of 2000 (ranked in descending order) were: the Ukraine, Hungary, Russia, Poland, and the United Kingdom.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 27 weeks (6 months) 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 disseminated showing breakdowns by regions or economic zones for: (i) the European Union, (ii) EFTA, and (iii) the OECD. 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. 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 in the international standards is fully applied. Specifically, the relevant share of indirectly-owned direct investment enterprises is included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in the Slovak Republic 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) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) 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. Contrary to the international standards, the data do not 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 treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of the Slovak Republic and the direct investor is a nonresident, (i) 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 as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as "Liabilities: Direct Investment in the Slovak Republic: Claims on Direct Investors".

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 Slovak residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: Not applicable. Offshore enterprises established abroad by Slovak residents cannot be identified at present.

Treatment of Special Purpose Entities (SPEs): Not applicable. SPEs established abroad by Slovak residents cannot be identified at present.

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: Not applicable. There is no natural resource exploration abroad by Slovak residents at present.

Valuation: In accordance with the international standards, the data are recorded at market values.

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.