

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.

Slovenia:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Slovenia

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (income on equity only), and (ii) direct investment financial flows (equity capital only) and annual (calendar year) data on reinvested earnings are disseminated with a timeliness of 7 weeks after the end of the reference period. Data on (i) income on debt (interest) and (ii) other capital are not compiled, and both items are included under the Other Investment categories in the balance of payments statistics. There are plans to begin to compile separately identifiable data for these items no later than 2003 for the reference years 2001 onwards.

Revision Policy: The annual data are revised twice. Approximately 9 months after the end of the reference year, the data for the reference year and the previous year are revised, at which time the data for the previous reference year are considered to be final.

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

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

Data Sources: The monthly data on equity income and equity capital are compiled from an international transactions reporting system (ITRS). The annual data on reinvested earnings are estimates that are based on the results for the previous year of an annual enterprise survey of direct investment enterprises in Slovenia. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, and (iii) information from the Court Register of enterprises.

Geographic Classification: Annual data showing country breakdowns are disseminated for direct investment financial flows (but not for direct investment income) with a timeliness of 9-12 months after the end of the reference year. The detailed data showing country breakdowns are compiled from surveys of direct investment enterprises and therefore differ from the monthly aggregate data on direct investment financial flows published in the balance of payments statistics, which are compiled from an ITRS. The data are disseminated in the annual *Investment Report* on the Bank of Slovenia website at (<http://www.bsi.si/html/eng/publications/investments/index.html>), and are also reported to Eurostat for publication. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union (EU), (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, (vii) OPEC, (viii) the extra-EU area, (ix) the Euro area, (x) the extra-Euro area, (xi) the non-Euro area EU member countries, (xii) non-industrialized countries, and (xiii) offshore financial centers.. The five countries with the largest amount of direct investment flows into Slovenia during 2001 (ranked in descending order) were: France, Austria, the United States, the Netherlands, and Italy.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated for direct investment income and direct investment financial flows with a timeliness of 9-12 months after the end of the reference year. The detailed data showing country breakdowns are compiled from surveys of direct investment enterprises and therefore differ from the monthly aggregate data on direct investment financial flows published in the balance of payments statistics, which are compiled from an ITRS. The data are disseminated in the annual *Investment Report* on the Bank of Slovenia website at (<http://www.bsi.si/html/eng/publications/investments/index.html>) and are also reported to Eurostat for publication. The data are based on the industry of the resident direct investment enterprise. The data are classified according to the activities level of NACE, the classification system used by Eurostat 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 of direct investment income and direct investment financial flows by industrial sector/region or economic zone for: (i) the European Union (EU), (ii) EFTA, (iii) the extra-EU area, (iv) the Euro area, and (v) the extra-Euro area. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Slovenia: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Slovenia is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. (This criterion has been used since 1999. Prior to 1997, all transactions involving shares and equity were defined as being direct investment. Between 1997 and 1999, the percentage ownership used to define direct investment enterprises in the transactions data was 50 percent.) 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 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 Slovenia 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. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with COPC, (i) provisions are made 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 not included. Contrary to COPC, deductions are not made for depreciation of capital. 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. In accordance with the international standards, dividends and distributed branch profits 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): Not applicable. Data on income on debt (interest) are not compiled at present.

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: Not applicable. Data on other capital are not compiled at present.

Treatment of Reverse Investment: Equity 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 Slovenia 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 transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities, rather than as “Direct Investment in Slovenia: Increase in Claims on Direct Investors”. (Data on other capital transactions, which include loan transactions, are not compiled at present.)

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 Slovenia 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 Slovenia by nonresidents at present.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, (i) activities of SPEs established in Slovenia by nonresidents are generally included in the direct investment data, and (ii) in the case of SPEs established in Slovenia 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 Slovenia by nonresident enterprises and individuals.

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

Exchange Rate Conversion: Dividends and equity capital 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 average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT IN SLOVENIA

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 6 months after the end of the reference period.

Revision Policy: The data are revised twice. Eighteen months after the end of the reference year, the data for the reference year and the previous year are revised, at which time the data for the previous reference year are considered to be 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 Slovenia. 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 ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, and (iii) information from the Court Register of enterprises.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 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 (EU), (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, (vii) OPEC, (viii) the extra-EU area, (ix) the Euro area, (x) the extra-Euro area, (xi) the non-Euro area EU member countries, (xii) non-industrialized countries, and (xiii) offshore financial centers.. The five countries with the largest amount of direct investment in Slovenia as at the end of 2001 (ranked in descending order) were: Austria, France, Germany, Italy, and the Czech Republic.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 6 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 according to the activities level of NACE, the classification system used by Eurostat 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 (EU), (ii) EFTA, (iii) the extra-EU area, (iv) the Euro area, and (v) the extra-Euro area. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Slovenia: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Slovenia 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. Contrary to the FCS, (i) the relevant share of indirectly-owned direct investment enterprises is not included in the reinvested earnings data, and (ii) only the other capital positions of the first level of indirectly-owned affiliated enterprises are included in the other capital data. However, in accordance with the FCS, the relevant share of indirectly-owned direct investment enterprises is included in the equity position data. Enterprises in Slovenia 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. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

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 Slovenia.)

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

Treatment of Reverse Investment: Positions involving reverse investment are not treated in accordance with the international standards in most instances. Assuming that the direct investment enterprise is a resident of Slovenia 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 positions are recorded in accordance with the international standards as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". However, contrary to the international standards, loan positions are recorded as "Assets: Other Investment: Loans", rather than as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, 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 Slovenia: Claims on Direct Investors" in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Slovenia 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 Slovenia by nonresidents at present.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, (i) activities of SPEs established in Slovenia by nonresidents are generally included in the direct investment data, and (ii) in the case of SPEs established in Slovenia 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 Slovenia by nonresident enterprises and individuals.

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

Valuation: Contrary to the international standards, the data are recorded primarily at book values, rather than market values. The book value used is the interim adjusted price, which takes account of depreciation and revaluations. However, some positions 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.

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (income on equity only), and (ii) direct investment financial flows (equity capital only) and annual (calendar year) data on reinvested earnings are disseminated with a timeliness of 7 weeks after the end of the reference period. Data on (i) income on debt (interest) and (ii) other capital are not compiled, and both items are included under the Other Investment categories in the balance of payments statistics. There are plans to begin to compile separately identifiable data for these items no later than 2003 for the reference years 2001 onwards.

Revision Policy: The annual data are revised twice. Approximately 9 months after the end of the reference year, the data for the reference year and the previous year are revised, at which time the data for the previous reference year are considered to be final.

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

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

Data Sources: The monthly data on equity income and equity capital are compiled from an international transactions reporting system (ITRS). The annual data on reinvested earnings are estimates that are based on the results for the previous year of an annual enterprise survey of residents with direct investment enterprises abroad. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, and (iii) information from the Ministry of Finance register of direct investment abroad.

Geographic Classification: Annual data showing country breakdowns are disseminated for direct investment financial flows (but not for direct investment income) with a timeliness of 9-12 months after the end of the reference year. The detailed data showing country breakdowns are compiled from surveys of direct investment enterprises and therefore differ from the monthly aggregate data on direct investment financial flows published in the balance of payments statistics, which are compiled from an ITRS. The data are disseminated in the annual *Investment Report* on the Bank of Slovenia website at (<http://www.bsi.si/html/eng/publications/investments/index.html>), and are also reported to Eurostat for publication. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union (EU), (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, (vii) OPEC, (viii) the extra-EU area, (ix) the Euro area, (x) the extra-Euro area, (xi) the non-Euro area EU member countries, (xii) non-industrialized countries, and (xiii) offshore financial centers.. The five countries with the largest amount of direct investment flows from Slovenia during 2001 (ranked in descending order) were: Croatia, Bosnia and Herzegovina, the Federal Republic of Yugoslavia, Poland, and the Netherlands.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated for direct investment income and direct investment financial flows with a timeliness of 9-12 months after the end of the reference year. The detailed data showing country breakdowns are compiled from surveys of direct investment enterprises and therefore differ from the monthly aggregate data on direct investment financial flows published in the balance of payments statistics, which are compiled from an ITRS. The data are disseminated in the annual *Investment Report* on the Bank of Slovenia website at (<http://www.bsi.si/html/eng/publications/investments/index.html>), and are also reported to Eurostat for publication. The data are based on the industry of the resident direct investor, although there are plans to also compile data based on the industry of the nonresident direct investment enterprise in the future. The data are classified according to the activities level of NACE, the classification system used by Eurostat 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 of direct investment income and direct investment financial flows by industrial sector/region or economic zone for: (i) the European Union (EU), (ii) EFTA, (iii) the extra-EU area, (iv) the Euro area, and (v) the extra-Euro area. 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 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 Slovenia 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. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not 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. In accordance with the international standards, dividends and distributed branch profits 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): Not applicable. Data on income on debt (interest) are not compiled at present.

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: Not applicable. Data on other capital are not compiled at present.

Treatment of Reverse Investment: Equity 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 Slovenia 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 transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities, rather than as “Direct Investment in Slovenia: 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 Slovene 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 Slovene 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 Slovene residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Slovene 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 Slovene resident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the data do not include expenditure related to natural resources exploration abroad by Slovene residents.

Exchange Rate Conversion: Dividends and equity capital 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 average exchange rate in the period in which the transactions are recorded.

SLOVENIA: 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 6 months after the end of the reference period.

Revision Policy: The data are revised twice. Eighteen months after the end of the reference year, the data for the reference year and the previous year are revised, at which time the data for the previous reference year are considered to be 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. 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 ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, and (iii) information from the Ministry of Finance register of direct investment abroad.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 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 (EU), (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, (vii) OPEC, (viii) the extra-EU area, (ix) the Euro area, (x) the extra-Euro area, (xi) the non-Euro area EU member countries, (xii) non-industrialized countries, and (xiii) offshore financial centers.. The five countries with the largest amount of direct investment from Slovenia as at the end of 2001 (ranked in descending order) were: Croatia, Bosnia and Herzegovina, Germany, Poland, and Austria.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 6 months after the end of the reference period. The data are based on the industry of the resident direct investor, although there are plans to compile data based on the industry of the nonresident direct investment enterprise in the future. The data are classified according to the activities level of NACE, the classification system used by Eurostat 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 (EU), (ii) EFTA, (iii) the extra-EU area, (iv) the Euro area, and (v) the extra-Euro area. 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. Contrary to the FCS, (i) the relevant share of indirectly-owned direct investment enterprises is not included in the reinvested earnings data, and (ii) only the other capital positions of the first level of indirectly-owned affiliated enterprises are included in the other capital data. However, in accordance with the FCS, the relevant share of indirectly-owned direct investment enterprises is included in the equity position data. Enterprises in Slovenia 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. However, the requirement to produce consolidated accounts applies only

to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

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

Treatment of Reverse Investment: Positions involving reverse investment are not treated in accordance with the international standards in most instances. Assuming that the direct investment enterprise is a resident of Slovenia 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 positions are recorded in accordance with the international standards as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". However, contrary to the international standards, loan positions are recorded as "Assets: Other Investment: Loans", rather than as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, 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 Slovenia: Claims on Direct Investors" in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by Slovene 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 Slovene 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 Slovene residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Slovene 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 Slovene abroad by resident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the data do not include expenditure related to natural resources exploration abroad by Slovene residents.

Valuation: Contrary to the international standards, the data are recorded primarily at book values, rather than market values. The book value used is the interim adjusted price, which takes account of depreciation and revaluations. However, some positions 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.