

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.

Norway:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Norway

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (reinvested earnings only), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 7 weeks after the end of the reference period. Preliminary annual (calendar year) on (i) income on equity, and (ii) income on debt (interest), are disseminated with a timeliness of 36 weeks (9 months) after the end of the reference period.

Revision Policy: The data are revised to incorporate information obtained from the annual enterprise surveys of direct investment enterprises in Norway. The data are considered to be final 48 months (4 years) after their first release.

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 are compiled from an international transactions recording system (ITRS). The monthly data on reinvested earnings are estimates derived from the profits reported in the annual survey of direct investment positions, less the dividends paid during the current month reported in the ITRS. The annual data are compiled from (i) annual enterprise surveys of direct investment enterprises in Norway, and (ii) published sources, such as company accounts. Press reports are also used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by the tax authorities, (iii) the financial press, and (iv) information from the Official Norwegian Register of Enterprises.

Geographic Classification: Monthly data showing country breakdowns are disseminated on reinvested earnings and direct investment financial flows with a timeliness of 7 weeks after the end of the reference period. Annual data showing country breakdowns are disseminated on income on equity, and income on debt (interest) with a timeliness of 36 weeks (9 months) after the end of the reference period. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment flows into Norway during the period from 1994 through 2001 (ranked in descending order) were: Sweden, the United Kingdom, Denmark, the United States, and Germany.

Industrial Classification: Monthly data showing breakdowns by industrial sector are disseminated on reinvested earnings and direct investment financial flows with a timeliness of 7 weeks after the end of the reference period. Annual data showing breakdowns by industrial sector are disseminated on income on equity, and income on debt (interest) with a timeliness of 36 weeks (9 months) after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC), and more detailed data are disseminated at the 5-digit level of ISIC Rev. 3, subject to confidentiality constraints. Data showing breakdowns by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Norway: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Norway is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. In exceptional cases, the data include enterprises in which the nonresident investor owns less than 10 percent but is the largest investor in the enterprise and has an effective voice in management. 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, (i) the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Norway are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with COPC, deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes. Contrary to COPC, 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. 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): The data cover interest income from: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) trade credits. Contrary to the international standards, the data include interest from financial derivatives. In accordance with the international standards, (i) the data do not include interest from deposits, loans and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries, and (ii) the data are compiled 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, and (iv) financial derivatives. The data do not cover: (i) financial leases, and (ii) trade credits. 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. Assuming that the direct investment enterprise is a resident of Norway 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, contrary to the international standards, loan transactions are recorded as “Direct Investment in Norway: Increase in Claims on Direct Investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. No instances of equity transactions involving reverse investment have been identified to date, but in the event that such transactions arose, contrary to the international standards, they would be recorded as “Direct Investment in Norway: Decrease in Liabilities to Direct Investors”, rather than 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”, and loan transactions are recorded as “Direct Investment in Norway: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment in Norway: Increase in Claims on Direct Investors” in both instances.

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

equipment, such as ships, aircraft, and drilling rigs. Quasi-corporations arising from the operation of construction enterprises in Norway by nonresidents cannot be identified at present.

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

Treatment of Special Purpose Entities (SPEs): Not applicable. There are no SPEs established in Norway 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 Norway by nonresident enterprises and individuals. However, the data only investments for commercial purposes.

Treatment of Natural Resources Exploration: In accordance with the international standards, the direct investment data include expenditure related to natural resources exploration in Norway by nonresidents. However, the data cover only those investments organized through registered enterprises.

Exchange Rate Conversion: Transactions involving direct investment income are converted to the unit of account at the exchange rate prevailing at the end of the period in which the transactions are recorded. Transactions involving financial flows are converted to the unit of account (i) at the exchange rate prevailing on the day of the transaction in the case of ITRS transactions through domestic banks, and (ii) at the average exchange rate in the period in which the transactions are recorded in the case of ITRS transactions through foreign bank accounts.

DIRECT INVESTMENT IN NORWAY
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 36 weeks (9 months) after the end of the reference period.

Revision Policy: The data are considered to be final 36 months (3 years) after their first release.

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

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data are compiled primarily from annual enterprise surveys of direct investment enterprises in Norway. Published sources, such as company accounts, are used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by the tax authorities, (iii) the financial press and (iv) information from the Official Norwegian Register of Enterprises.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated with a timeliness of 36 weeks (9 months) after the end of the reference period. In accordance with the international standards, the data are compiled on an “immediate country” basis. Bilateral information is not used in the compilation of the data. Data showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment in Norway as at the end of 2000 (ranked in descending order) were: the Netherlands, Sweden, Denmark, the United States, and Finland.

Industrial Classification: Annual (calendar year) data showing breakdowns by industrial sector are disseminated with a timeliness of 36 weeks (9 months) after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC), and more detailed data are disseminated at the 5-digit level of ISIC Rev. 3, subject to confidentiality constraints. Data showing breakdowns by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Norway: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Norway is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. In exceptional cases, the data include enterprises in which the nonresident investor owns less than 10 percent but is the largest investor in the enterprise and has an effective voice in management. 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 Norway 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 Norway.)

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. 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. Assuming that the direct investment enterprise is a resident of Norway 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, contrary to the international standards, loan positions are recorded as "Liabilities: Direct Investment in Norway: Claims on Direct Investors", rather than as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". No instances of equity positions involving reverse investment have been identified to date, but in the event that such positions arose, contrary to the international standards, they would be recorded as "Liabilities: Direct Investment in Norway: Liabilities to Direct Investors", 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 "Liabilities: Direct Investment in Norway: Liabilities to Direct Investors", rather than as "Liabilities: Direct Investment in Norway: 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 Norway by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs. Quasi-corporations arising from the operation of construction enterprises in Norway by nonresidents cannot be identified at present.

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

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

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings in Norway by nonresident enterprises and individuals. However, only investments for commercial purposes are included.

Treatment of Natural Resources Exploration: In accordance to the international standards, the direct investment data include expenditure related to natural resources exploration in Norway by nonresidents. However, the data cover only those investments organized through registered enterprises.

Valuation: Contrary to the international standards, the data are reported at book values, rather than market values. The book values used are historical costs.

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.

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary monthly data on (i) direct investment income (reinvested earnings only), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 7 weeks after the end of the reference period. Preliminary annual (calendar year) on income on equity are disseminated with a timeliness of 60 weeks (15 months) after the end of the reference period. Data on income on debt (interest) are not compiled at present.

Revision Policy: The data are revised to incorporate information obtained from the annual enterprise surveys of direct investment enterprises in Norway. The data are considered to be final 48 months (4 years) after their first release.

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 are compiled from an international transactions recording system (ITRS). The monthly data on reinvested earnings are estimates derived from the profits reported in the annual survey of direct investment positions, less the dividends paid during the current month reported in the ITRS. The annual data are compiled from (i) annual enterprise surveys of residents with direct investment enterprises abroad, and (ii) published sources, such as company accounts. Press reports are also used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by the tax authorities, (iii) the financial press, and (iv) information from the Official Norwegian Register of Enterprises.

Geographic Classification: Monthly data showing country breakdowns are disseminated on reinvested earnings and direct investment financial flows with a timeliness of 7 weeks after the end of the reference period. Annual data showing country breakdowns are disseminated on income on equity, and income on debt (interest) with a timeliness of 36 weeks (9 months) after the end of the reference period. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment flows from Norway during the period from 1994 through 2001 (ranked in descending order) were: Sweden, Denmark, the United Kingdom, the United States, and Germany.

Industrial Classification: Monthly data showing breakdowns by industrial sector are disseminated on reinvested earnings and direct investment financial flows with a timeliness of 7 weeks after the end of the reference period. Annual data showing breakdowns by industrial sector are disseminated on income on equity with a timeliness of 36 weeks (9 months) after the end of the reference period. The data are based on the industry of the resident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC), and more detailed data are disseminated at the 5-digit level of ISIC Rev. 3, subject to confidentiality constraints. Data showing breakdowns by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. In exceptional cases, the data include investors which own less than 10 percent but are nevertheless the largest investor in the direct investment enterprise and have an effective voice in management. 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, (i) the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Norway are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with COPC, deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes. Contrary to COPC, 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. 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: The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) financial derivatives. The data do not cover: (i) financial leases, and (ii) trade credits. 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. Assuming that the direct investment enterprise is a resident of Norway 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, contrary to the international standards, loan transactions are recorded as “Direct Investment in Norway: Increase in Claims on Direct Investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. No instances of equity transactions involving reverse investment have been identified to date, but in the event that such transactions arose, contrary to the international standards, they would be recorded as “Direct Investment in Norway: Decrease in Liabilities to Direct Investors”, rather than 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”, and loan transactions are recorded as “Direct Investment in Norway: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment in Norway: Increase in Claims on Direct Investors” in both instances.

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by Norwegian residents of mobile equipment, such as ships, aircraft, and drilling rigs. Quasi-corporations arising from the operation abroad by Norwegian residents of construction enterprises cannot be identified at present.

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

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, (i) activities of SPEs established abroad by Norwegian residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Norwegian 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 purchases and sales of land and buildings abroad by Norwegian resident enterprises and individuals. However, only investments for commercial purposes are included.

Treatment of Natural Resources Exploration: In accordance to the international standards, the direct investment data include expenditure related to natural resources exploration abroad by Norwegian residents. However, the data cover only those investments organized through registered enterprises.

Exchange Rate Conversion: Transactions involving direct investment income are converted to the unit of account at the exchange rate prevailing at the end of the period in which the transactions are recorded. Transactions involving financial flows are converted to the unit of account (i) at the exchange rate prevailing on the day of the transaction in the case of ITRS transactions through domestic banks, and (ii) at the average exchange rate in the period in which the transactions are recorded in the case of ITRS transactions through foreign bank accounts.

NORWAY: 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 60 weeks (15 months) after the end of the reference period.

Revision Policy: The data are considered to be final 36 months (3 years) after their first release.

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 annual basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by the tax authorities, (iii) the financial press and (iv) information from the Official Norwegian Register of Enterprises.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 60 weeks (15 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 showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment from Norway as at the end of 1998 (ranked in descending order) were: the United States, Sweden, Denmark, the United Kingdom, and the Netherlands.

Industrial Classification: Annual (calendar year) data showing breakdowns by industrial sector are disseminated with a timeliness of 60 weeks (15 months) after the end of the reference period. The data are based on the industry of the resident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC), and more detailed data are disseminated at the 5-digit level of ISIC Rev. 3, subject to confidentiality constraints. Data showing breakdowns by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. In exceptional cases, the data include investors which own less than 10 percent but are nevertheless the largest investor in the direct investment enterprise and have an effective voice in management. 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 Norway 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. 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. Assuming that the direct investment enterprise is a resident of Norway 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, contrary to the international standards, loan positions are recorded as "Liabilities: Direct Investment in Norway: Claims on Direct Investors", rather than as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". No instances of equity positions involving reverse investment have been identified to date, but in the event that such positions arose, contrary to the international standards, they would be recorded as "Liabilities: Direct Investment in Norway: Liabilities to Direct Investors", 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 "Liabilities: Direct Investment in Norway: Liabilities to Direct Investors", rather than as "Liabilities: Direct Investment in Norway: 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 Norwegian residents of mobile equipment, such as ships, aircraft, and drilling rigs. Quasi-corporations arising from the operation abroad by Norwegian residents of construction enterprises cannot be identified at present.

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

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, (i) activities of SPEs established abroad by Norwegian residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Norwegian 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 Norwegian resident enterprises and individuals. However, only investments for commercial purposes are included.

Treatment of Natural Resources Exploration: In accordance to the international standards, the direct investment data include expenditure related to natural resources exploration abroad by Norwegian residents. However, the data cover only those investments organized through registered enterprises.

Valuation: Contrary to the international standards, the data are reported at book values, rather than market values. The book values used are historical costs.

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.