

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.

Sweden:

Direct Investment Compilation Practices, Data Sources and Methodology

Contact person:

Ms. Maria Falk
Economist
Monetary Policy Department
Sveriges Riksbank
SE-103 37 Stockholm
Sweden

Telephone: (46-8) 787-0368
Fax: (46-8) 245-348
E-mail: maria.falk@riksbank.se

Direct Investment in Sweden

- **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 SWEDEN
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 7 weeks after the end of the reference period. In addition, more comprehensive annual, calendar year, data on (i) income on equity, and (ii) reinvested earnings, are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period.

Revision Policy: The data are considered to be final 20 months after their first release. However, in principle the data can be revised after this time if the revision is significant.

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 primarily from monthly direct reporting by selected enterprises, supported by an international transactions reporting system (ITRS), while the annual data on income and reinvested earnings are compiled primarily from an annual enterprise surveys of direct investment enterprises in Sweden. Information obtained from (i) press reports, and (iii) bilateral contacts regarding large transactions, are also 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 ITRS's list of transactors, (ii) the monthly direct reporting results and contacts with respondents, (iii) information obtained from Statistics Sweden, and (iv) other business registers on mergers and acquisitions.

Geographic Classification: Quarterly and annual (calendar year) data showing country breakdowns are disseminated for direct investment financial flows, with a timeliness of 7 weeks after the end of the reference period for the quarterly data, and 11 months after the end of the reference period for the annual data. Data showing country breakdowns for direct investment income are compiled and are available on request. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is used to cross-check large transactions. Data are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, and (iv) NAFTA. Data for (i) the CIS countries, (ii) ASEAN, and (iii) OPEC, are compiled and are available on request. The five countries with the largest amount of direct investment flows into Sweden during 2000 (ranked in descending order) were: Finland, the Netherlands, Switzerland, the United States and Germany.

Industrial Classification: Quarterly and annual (calendar year) data showing a breakdown by industrial sector are disseminated for direct investment financial flows, with a timeliness of 7 weeks after the end of the reference period for the quarterly data, and 11 months after the end of the reference period for the annual data. Data showing breakdowns by industrial sector for direct investment income are compiled and are available on request. The data are based on the industry of the resident direct investment enterprise. The classification is that specified in the Eurostat *Vade Mecum*, which 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 financial flows by regions or economic zones for: (i) the European Union (EU), (ii) the OECD, and (iii) NAFTA. Data for (i) EFTA, (ii) the CIS countries, (iii) ASEAN, and (iv) OPEC, are compiled and are available on request. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Sweden: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Sweden is 10 percent ownership of the ordinary shares or voting power 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, in principle, 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 Sweden are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company. However, since 1997, in accordance with the EU-7 directive (Article 2 of Chapter 7 of the Annual Accounts Act), a Swedish company owned by a company based in the EU does not need to produce consolidated accounts for the Swedish group if the group parent company compiles consolidated accounts. As a result, many enterprises in Sweden do not have information from the accounts for their own subsidiaries abroad, and do not produce consolidated accounts for the Swedish group.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is fully 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. In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable, and (ii) 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 (those affiliated financial intermediaries that are monetary financial institutions (MFIs) only). Contrary to the international standards, the data include interest from claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries that are not MFIs. In accordance with the international standards, 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, (iv) financial leases, and (v) trade credits. The data do not cover 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 exclude transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Sweden and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, equity and loan transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, loan transactions are recorded in accordance with the international standards as “Direct Investment in Sweden: Increase in Claims on Direct Investors”. However, contrary to the

international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Sweden: 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 Sweden by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

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

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established in Sweden by nonresidents are generally included in the direct investment data. No instances of SPEs established in Sweden by nonresidents that have the sole purpose of financial intermediation have been identified to date.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings in Sweden 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 Sweden by nonresidents.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. However, reinvested earnings and some dividend, equity capital and other capital transactions are converted at the average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT IN SWEDEN
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary annual, calendar year, data (the most timely data) on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 6 weeks after the end of the reference period. In addition, more comprehensive annual, calendar year, data are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period.

Revision Policy: The data are considered to be final 11 months after their first release. However, in principle the data can be revised after this time if the revision is significant.

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

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The most timely data are compiled primarily from annual sample survey of direct investment enterprises in Sweden. Published data sources, such as company accounts, are used as a secondary data source. Press reports are used for cross-checking the data. The perpetual inventory method (a method for deriving position data from transactions data) is partially used for the most timely data, in that the position data for the previous period are adjusted for (i) transactions during the period, and (ii) exchange rate changes. The most comprehensive data are compiled from an annual survey of direct investment enterprises in Sweden. A business register of enterprises involved in direct investment is maintained. (ii) the monthly direct reporting results and contacts with respondents, (iii) information obtained from Statistics Sweden, and (iv) other business registers on mergers and acquisitions.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated with a timeliness of 44 weeks (11 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) the OECD, (iii) ASEAN, (iv) OPEC, (v) the Nordic countries, and (vi) Others. The five countries with the largest amount of direct investment in Sweden as at the end of 2000 (ranked in descending order) were: Finland, the United Kingdom, the United States, the Netherlands, and Switzerland.

Industrial Classification: Annual (calendar year) data showing a breakdown by industrial sector are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification is that specified in the Eurostat *Vade Mecum*, which 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) the OECD, and (iii) the Nordic countries. Data showing breakdowns by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Sweden: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Sweden is 10 percent ownership of the ordinary shares or voting power 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, in principle, fully applied. Specifically, the relevant share of indirectly-owned direct investment enterprises are included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in Sweden are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company. However, since 1997, in accordance with the EU-7 directive (Article 2 of Chapter 7 of the Annual Accounts Act), a Swedish company owned by a company based in the EU does not need to produce consolidated accounts for the Swedish group if the group parent company compiles

consolidated accounts. As a result, many enterprises in Sweden do not have information from the accounts for their own subsidiaries abroad, and do not produce consolidated accounts for the Swedish group.

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 Sweden.)

Treatment of Other Capital: The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, and (v) trade credits. The data do not cover 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 exclude 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 all instances. Assuming that the direct investment enterprise is a resident of Sweden and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, equity and loan positions are recorded in accordance with the international standards as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, loan positions are recorded in accordance with the international standards as "Liabilities: Direct Investment in Sweden: Claims on Direct Investors". However, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment:: Equity Securities", rather than as "Liabilities: Direct Investment in Sweden: 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 Sweden by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

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

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established in Sweden by nonresidents are generally included in the direct investment data. No instances of SPEs established in Sweden by nonresidents that have the sole purpose of financial intermediation have been identified to date.

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings in Sweden 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 Sweden by nonresidents.

Valuation: The data for other capital are recorded primarily at market values, in accordance with the international standards. However, most data on equity capital are recorded at book values as shown in the records of the reporting enterprises. Separate data showing direct investment at market values are also disseminated.

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.

SWEDEN: 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 7 weeks after the end of the reference period. More comprehensive annual, calendar year, data (i) income on equity, and (ii) reinvested earnings, are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period.

Revision Policy: The data are considered to be final 20 months after their first release. However, in principle the data can be revised after this time if the revision is significant.

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 most timely data are compiled primarily from monthly direct reporting by selected enterprises, supported by an international transactions reporting system (ITRS), while the most comprehensive data on income and reinvested earnings are compiled primarily from an annual enterprise surveys of residents with direct investment enterprises abroad. Information obtained from (i) press reports, and (iii) bilateral contacts regarding large transactions, are also 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 ITRS's list of transactors, (ii) the monthly direct reporting results and contacts with respondents, (iii) information obtained from Statistics Sweden, and (iv) other business registers on mergers and acquisitions.

Geographic Classification: Quarterly and annual (calendar year) data showing country breakdowns are disseminated for direct investment financial flows, with a timeliness of 7 weeks after the end of the reference period for the quarterly data, and 11 months after the end of the reference period for the annual data. Data showing country breakdowns for direct investment income are compiled and are available on request. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is used to cross-check large transactions. Data are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, and (iv) NAFTA. Data for: (i) the CIS countries, (ii) ASEAN, and (iii) OPEC, are compiled and are available on request. The five countries with the largest amount of direct investment flows from Sweden during 2000 (ranked in descending order) were: Finland, Denmark, Norway, Germany, and the United Kingdom.

Industrial Classification: Quarterly and annual (calendar year) data showing a breakdown by industrial sector are disseminated for direct investment financial flows with a timeliness of 7 weeks after the end of the reference period for the quarterly data, and 11 months after the end of the reference period for the annual data. Data showing breakdowns by industrial sector for direct investment income are compiled and are available on request. The data are based on the industry of the resident direct investor. The classification is that specified in the Eurostat *Vade Mecum*, which 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 financial flows by regions or economic zones for: (i) the European Union, (ii) the OECD, and (iii) NAFTA. Data for: (i) EFTA, (ii) the CIS countries, (iii) ASEAN, and (iv) OPEC, are compiled and are available on request. 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 the ordinary shares or voting power 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, in principle, 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 Sweden are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company. However, since 1997, in accordance with the EU-7 directive (Article 2 of Chapter 7 of the Annual Accounts Act), a Swedish company owned by a company based in the EU does not need to produce consolidated accounts for the Swedish group if the group parent company compiles consolidated accounts. As a result, many enterprises in Sweden do not have information from the accounts for their own subsidiaries abroad, and do not produce consolidated accounts for the Swedish group.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is fully 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. In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable, and (ii) 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 (those affiliated financial intermediaries that are monetary financial institutions (MFIs) only). Contrary to the international standards, the data include interest from claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries that are not MFIs. In accordance with the international standards, the data are compiled on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: The data cover: (i) bonds and money market instruments; (ii) long-term loans, (iii) short-term loans, (iv) financial leases, and (v) trade credits. The data do not cover 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 exclude transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Sweden and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, equity and loan transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, loan transactions are recorded in accordance with the international standards as “Direct Investment in Sweden: Increase in Claims on Direct Investors”. However, contrary to the international standards, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities”, rather than as “Direct Investment in Sweden: 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 Swedish 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 Swedish residents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established abroad by Swedish residents are generally included in the direct investment data. No instances of SPEs established abroad by Swedish residents that have the sole purpose of financial intermediation have been identified to date.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Swedish 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 Swedish residents.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. However, reinvested earnings and some dividend, equity capital and other capital transactions are converted at the average exchange rate in the period in which the transactions are recorded.

SWEDEN: DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary annual, calendar year, data (the most timely data) on (i) equity capital and reinvested earnings, and (ii) other capital are disseminated with a timeliness of 6 weeks after the end of the reference period. More comprehensive annual, calendar year, data are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period.

Revision Policy: The data are considered to be final 11 months after their first release. However, in principle the data can be revised after this time if the revision is significant.

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

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The most timely data are compiled primarily from annual sample survey of direct investment enterprises in Sweden. Press reports are used for cross-checking the data. The perpetual inventory method (a method for deriving position data from transactions data) is partially used for the most timely data, in that the position data for the previous period are adjusted for (i) transactions during the period, and (ii) exchange rate changes. The most comprehensive data are compiled from an annual survey of residents with direct investment enterprises abroad (direct investors). A business register of enterprises involved in direct investment is maintained. (ii) the monthly direct reporting results and contacts with respondents, (iii) information obtained from Statistics Sweden, and (iv) other business registers on mergers and acquisitions.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period. In accordance with the international standards, the data are compiled on an “immediate country” basis. Bilateral information is used in the compilation of the data. Data are disseminated showing breakdowns by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vi) OPEC. The five countries with the largest amount of direct investment from Sweden as at the end of 2000 (ranked in descending order) were: the United States, the Netherlands, Finland, Denmark, and Germany.

Industrial Classification: Annual (calendar year) data showing a breakdown by industrial sector are disseminated with a timeliness of 44 weeks (11 months) after the end of the reference period. The data are based on the industry of the resident direct investor. The classification is that specified in the Eurostat *Vade Mecum*, which 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) the OECD, and (iii) the Nordic countries. 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 the ordinary shares or voting power 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, in principle, fully applied. Specifically, the relevant share of indirectly-owned direct investment enterprises are included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in Sweden are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company. However, since 1997, in accordance with the EU-7 directive (Article 2 of Chapter 7 of the Annual Accounts Act), a Swedish company owned by a company based in the EU does not need to produce consolidated accounts for the Swedish group if the group parent company compiles

consolidated accounts. As a result, many enterprises in Sweden do not have information from the accounts for their own subsidiaries abroad, and do not produce consolidated accounts for the Swedish group.

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, and (v) trade credits. The data do not cover 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 exclude 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 all instances. Assuming that the direct investment enterprise is a resident of Sweden and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, equity and loan positions are recorded in accordance with the international standards as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises". When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, loan positions are recorded in accordance with the international standards as "Liabilities: Direct Investment in Sweden: Claims on Direct Investors". However, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment:: Equity Securities", rather than as "Liabilities: Direct Investment in Sweden: 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 Swedish 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 Swedish residents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established abroad by Swedish residents are generally included in the direct investment data. No instances of SPEs established abroad by Swedish residents that have the sole purpose of financial intermediation have been identified to date.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Swedish 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 Swedish residents.

Valuation: The data for other capital are recorded primarily at market values, in accordance with the international standards. However, most data on equity capital are recorded at book values as shown in the records of the reporting enterprises. Separate data showing direct investment at market values are also disseminated.

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.