6. Direct Investment Capital

6.1 *Direct investment capital* is capital provided by a direct investor, either directly or through other direct investment enterprises related to that investor, to a direct investment enterprise. Conversely, direct investment capital is capital received by a direct investor from a direct investment enterprise. Direct investment capital includes equity capital, reinvested earnings, and other capital involving various intercompany debt transactions. Direct investment capital includes only funds actually provided; funds for which the direct investor merely makes the arrangements or guarantees repayment are not considered to be direct investment capital.

Components of Direct Investment Capital

6.2 *Equity capital* covers equity in branches, shares (whether voting or nonvoting) in subsidiaries and associates, and other capital contributions (such as the provision of machinery by a direct investor to a direct investment enterprise) that constitute part of the capital of the direct investment enterprise. Equity capital also covers the acquisition by a direct investment enterprise of shares in its direct investor. However, nonparticipating preference shares are not part of equity capital but are treated as debt securities and classified as other direct investment capital. Purchases and sales of land and buildings by nonresidents are also included in the equity capital component.

6.3 *Reinvested earnings* are the direct investors' shares (in proportion to equity held) of the undistributed earnings of the direct investment enterprises. Reinvested earnings are considered to be additional capital of the direct investment enterprises. They are recorded as direct investment income, with an offsetting capital transaction.

6.4 *Other capital* (or intercompany debt transactions) covers the borrowing and lending of funds, including debt securities and trade credits, between direct investors and direct investment enterprises, and between two direct investment enterprises resident in different countries that share the same direct investor. Debt claims on the direct investor by the direct investment enterprise are also included as direct investment other capital. As indicated above, nonparticipating preference shares are treated as debt securities and are therefore classified as other capital.

Items Included in Equity Capital

6.5 Table 6.1 shows the numbers of countries in 1997 and 2001 that include the recommended items in their inward FDI equity capital transactions data. Table 28 of Appendix I shows the details for 2001 by country for the inward and outward transactions data, while Table 29 of Appendix I shows the country details for the inward and outward position data. Table 6.1 indicates that since 1997 there has been a small increase in the number of countries that include both voting and nonvoting shares and a more marked increase in the number of countries that include noncash acquisitions of equity, such as through the provision of equipment.

Table 6.1. Equity Capital: Items Included in the Inward FDI Transactions Data

Number of Countries	Transactions in Voting and Nonvoting Stocks (Shares)	Noncash Acquisition of Equity
Total 2001 (61)	52	51
Total 1997 (61)	51	40
Change	+1	+11
OECD 2001 (30)	28	24
OECD 1997 (29)	28	19
Other 2001 (31)	24	27
Other 1997 (32)	23	21

OECD countries

6.6 Of the 29 OECD countries that compile FDI transactions data, all except Korea include both voting and nonvoting shares in their inward equity capital transactions data. Korea includes listed and unlisted voting shares but not other nonvoting stocks, including participating preference shares. Twenty-four of the 29 OECD countries that compile transactions data also include noncash acquisitions of capital—an increase of 5 countries. The five countries that still do not include these acquisitions are the Czech Republic, Greece, Hungary, New Zealand, and Turkey. A similar situation applies for the outward transactions data and for the inward and outward position data. The exceptions are that (1) Greece and Hungary, which do not include noncash acquisitions of equity for their FDI transactions data, nevertheless include them in their FDI position data; (2) Mexico does not compile outward FDI transactions and position data; and (3) Korea and Turkey do not compile inward or outward FDI position data.

Other countries

6.7 All but 1 of the 29 countries that compile inward FDI equity capital transactions data include listed and unlisted voting shares in their data. The exception is Guatemala. In addition, the data for the Philippines cover only direct purchases of shares not transacted through the stock exchange. Four countries that include both listed and unlisted voting shares do not include other nonvoting shares, including participating preference shares—these countries include Croatia, Ecuador, and Kazakhstan. Twenty-seven of the 29 countries also include noncash acquisitions of capital—an increase of 6 countries and a higher proportion of the total than for the OECD countries (93 percent compared with 83 percent). The two countries that still do not include these non-cash acquisitions in their inward FDI equity capital transactions data are Guatemala and Thailand. For the outward transactions data, one country (Guatemala) does not include listed or unlisted voting stocks, three countries (including Croatia and Peru) do not include other nonvoting shares,[1] and four countries (Guatemala, Peru, the Philippines, and Thailand) do not include noncash acquisitions of capital.

6.8 All of the 21 countries that compile inward FDI position data include noncash acquisitions of equity and listed voting shares. One country, Bolivia, does not include unlisted voting shares, and five do not include other nonvoting shares (including Croatia, Ecuador, Kazakhstan, and Peru). All but 3 of the 21 countries that compile outward FDI equity capital position data include noncash acquisitions of equity—the exceptions being Bolivia, Peru, and Thailand—and four countries (including Bolivia, Croatia, and Peru) do not include other nonvoting shares. All but 1 of the 21 countries (Bolivia) include listed and unlisted voting shares.

Items Included in Other Capital

6.9 Table 6.2 gives the results of the 2001 update regarding the items that countries include in their inward FDI transactions data on other capital and compares these numbers with the situation in 1997.

[1]Ecuador does not compile outward FDI statistics, and these shares are not applicable for Kazakhstan's outward transactions data.

Table 6.2. Other Capital: Items Included in the Inward FDI Transactions Data

Number of Countries	Bonds and Money Market Instruments	Long-Term Loans	Short-Term Loans	Financial Leases	Trade Credits	Financial Derivatives
Total 2001 (61)	32	56	51	34	40	13
Total 1997 (61)	25	45	41	23	32	12
Change	+7	+11	+10	+11	+8	+1
OECD 2001 (30)	17	28	27	16	20	7
OECD 1997 (29)	14	25	23	13	17	6
Other 2001 (31)	15	28	24	18	20	6
Other 1997 (32)	11	20	18	10	15	6

Tables 30 through 33 of Appendix I give the details by country for the inward and outward FDI transactions and position data.

OECD countries

6.10 As indicated in Table 6.2, there have been improvements for all items since 1997, and now all of the 28 OECD countries that compile inward FDI statistics on other capital transactions include long-term loans in their data, and all but Korea include short-term loans. Korea is the only OECD country that includes only long-term loans in both its inward and outward FDI statistics on other capital transactions, but two other OECD countries (Denmark and France) include only long-term and short-term loans in their inward and outward FDI transactions data. In addition, 8 countries do not include trade credits, 10 of the 27 countries for which these transactions are applicable do not include bonds and money market instruments, and 12 do not include financial leases in their inward FDI transactions data. As Table 30 of Appendix I indicates, only 12 OECD countries include in their inward transactions data on other capital all the relevant debt instruments[2]—Australia, Canada, Finland, Greece, Ireland, Italy, New Zealand, Portugal, the Slovak Republic, Sweden, Switzerland, and the United States. Table 30 also indicates that 1 of the 28 OECD countries (Canada) does not follow the recommendation of the international standards to exclude loans that have been merely guaranteed and that three countries (Canada, Ireland, and the United States) do not follow the recommendation to exclude insurance company technical reserves.

Other countries

6.11 As with the OECD countries, there have been improvements for all applicable items since 1997, and all of the 28 countries that compile inward FDI transactions data on other capital include long-term loans. Four countries (Ecuador, Israel, Kuwait, and Nigeria) do not include short-term loans. Ecuador, Israel, and Kuwait[3] include only long-term loans in their other capital transactions data, and Thailand includes only short-term and long-term loans. Eight countries do not include trade credits, 10 do not include financial leases, and 12 of the 27 countries for which these transactions are applicable do not include bonds and money market instruments. Only 10 countries include in their inward FDI transactions data on other capital all the relevant debt instruments (see footnote 2)—Botswana, Costa Rica, Croatia, Estonia, Guatemala, Hong Kong SAR, Kazakhstan, Latvia, Malaysia, and South Africa. In addition, Table 30 indicates that 1 of the 28 countries (Costa Rica) does not follow the recommendation of the international standards to exclude insurance company technical reserves, and that 2 do not follow the recommendation to exclude loans that have been merely guaranteed (Costa Rica and Indonesia).

Transactions Between Affiliated Banks and Between Affiliated Financial Intermediaries

6.12 The *Benchmark* and the *BPM5* recommend that, for intercompany transactions between affiliated banks and affiliated financial intermediaries, only those transactions associated with permanent debt and equity capital should be recorded as FDI. Deposits, loans, and other claims and liabilities related to the usual banking activities between affiliated banks and claims and liabilities related to usual financial intermediation activities between financial intermediaries should be excluded from FDI and instead classified under *Portfolio investment* or *Other investment* in the balance of payments statistics.

6.13 The results of the 2001 update shown in Table 6.3 indicate increases since 1997 in the number of countries that include equity capital between affiliated banks in their inward FDI transactions data—54 countries, or 93 percent of the 58 countries to which these transactions apply, now include these transactions. The results also indicate that 54 of the 58 countries also include equity capital between affiliated financial intermediaries—an increase of 10 countries since 1997. Smaller numbers of countries include transactions involving permanent debt between affiliated banks and between affiliated financial intermediaries—37 and 38, respectively. Table 6.3 also shows that only two countries now do

[2]That is, (1) bonds and money market instruments, (2) long-term loans, (3) short-term loans, (4) financial leases, and (5) trade credits. Financial derivatives have not been included in the list of relevant debt instruments as the recommended treatment has been in a state of flux in recent years. The IMF's *Financial Derivatives: A Supplement to the Fifth Edition of the Balance of Payments Manual* (2000) promulgated a provisional decision to include financial derivatives between affiliated nonfinancial enterprises in the FDI statistics. However, the final decision, promulgated in 2002, was to exclude financial derivatives from the FDI statistics.

[3]The data for Kuwait are compiled but are disseminated under FDI equity capital, rather than FDI other capital.

not exclude deposits, loans, and other claims and liabilities between affiliated banks related to usual banking activities, an improvement of five countries since 1997. However, despite some improvement since 1997, nine countries still do not exclude claims and liabilities between affiliated financial intermediaries related to usual financial intermediation activities. Tables 34 and 35 of Appendix I give the details for 2001 by country for the inward and outward transactions and position data.

OECD countries

6.14 There has been some improvement since 1997 in all areas. All of the OECD countries that compile FDI transactions data now exclude deposits, loans, and other claims and liabilities between affiliated banks from their inward and outward FDI transactions data. All except Turkey now include equity capital between affiliated banks and between affiliated financial intermediaries in their inward and outward FDI transactions data. However, six OECD countries (Austria, Belgium, the Czech Republic, Korea, the Slovak Republic, and Sweden) still do not include permanent debt between affiliated banks, and six of the countries for which these transactions are applicable (Austria, the Czech Republic, Korea, the Slovak Republic, Sweden, and the United States) do not include permanent debt between affiliated financial intermediaries in their inward and outward FDI transactions data. In addition, five OECD countries still do not exclude claims and liabilities between affiliated financial intermediaries related to usual financial intermediation activities from their inward and outward transactions data—Belgium, Finland, Germany, Hungary, and Korea—although Korea only includes long-term loans between affiliated financial intermediaries. Table 35 of Appendix I shows similar results for the inward and outward FDI position data, with the exception that Japan does not include permanent debt between affiliated banks or between affiliated financial intermediaries in its inward and outward FDI position data, although it does include this permanent debt in its inward and outward FDI transactions data.

Other countries

6.15 There have been similar improvements across all areas since 1997 for the other IMF member countries that participated in the 2001 SIMSDI update. All except 3 (including Guatemala and Tunisia) of the 29 countries that compile inward FDI equity capital transactions data include equity capital between affiliated banks, and all but three (Bolivia, Guatemala, and Tunisia) include equity capital between affiliated financial intermediaries. All but two countries (Costa Rica and Guatemala) now exclude deposits, loans, and other claims and liabilities between affiliated banks related to usual banking activities from their inward transactions data on other capital, and all except four (Costa Rica, Guatemala, Indonesia, and Kazakhstan) now exclude claims and liabilities between affiliated financial intermediaries related to

Table 6.3. Transactions Between Affiliated Banks and Between Affiliated Financial Intermediaries

	Countries That Record in Their Inward FDI Statistics Transactions Between Affiliated Banks for:			Countries That Record in Their Inward FDI Statistics Transactions Between Affiliated Financial Intermediaries for:		
Number of Countries	Equity capital	Permanent debt	Deposits, loans, and other claims and liabilities related to usual banking activities	Equity capital	Permanent debt	Claims and liabilities related to usual financial intermediation activities
Total 2001 (61)	54	37	2	54	38	9
Total 1997 (61)	46	29	7	44	28	12
Change	+8	+8	–5	+10	+10	–3
OECD 2001 (30)	28	22	0	28	21	5
OECD 1997 (29)	25	18	1	25	19	6
Other 2001 (31)	26	15	2	26	17	4
Other 1997 (32)	21	11	6	19	9	6

usual financial intermediation activities. However, despite some progress since 1997, 12 of the 27 countries for which these transactions are applicable still do not include permanent debt between affiliated banks, and 10 do not include permanent debt between affiliated financial intermediaries. Table 35 of Appendix I shows similar results for the inward and outward position data, with the exceptions of Israel and Russia, which exclude parts of the permanent debt from their FDI transactions data but include these in their FDI position data.[4]

Reverse Investment

6.16 Reverse investment occurs when a direct investment enterprise has acquired a financial claim on its direct investor. When the equity participation by the direct investment enterprise in its direct investor is not sufficient to establish a second, separate direct investment relationship, the *Benchmark* and the *BPM5* recommend that (1) for the economy of the direct investment enterprise, the acquisition of financial assets by direct investment enterprises in their foreign direct investors should be recorded as *Direct investment in the reporting economy: Claims on direct investors;* and (2) for the economy of the direct investor, these transactions with foreign direct investment enterprises should be recorded as *Direct investment abroad: Liabilities to affiliated enterprises.* These reverse investment transactions are therefore recorded on a directional basis, based on the direction of the direct investment relationship.

6.17 When the equity participation is at least 10 percent in both directions, two separate direct investment relationships have been established. The *Benchmark* and the *BPM5* recommend that equity and other capital transactions between enterprises that have direct investment relationships in both directions should be recorded as direct investment claims and liabilities in both directions; that is, as *Direct investment in the reporting economy* and as *Direct investment abroad,* as appropriate. These transactions are recorded on the asset/liability principle; all assets are recorded as *Direct investment abroad,* and all liabilities are recorded as *Direct investment in the reporting economy.*

[4]Israel does not include permanent debt between affiliated financial intermediaries in its inward and outward transactions data but includes this permanent debt in its inward and outward position data. Russia excludes permanent debt between affiliated financial intermediaries from its outward transactions data but includes this permanent debt in its outward position data.

Treatment of Reverse Investment When the FDI Relationship Is in One Direction Only

6.18 Table 6.4 shows the treatment in 2001 and 1997 of reverse investment transactions when the direct investment enterprise resident in the reporting economy owns less than 10 percent of its nonresident direct investor, and the direct investment relationship has therefore been established in one direction only. Tables 36 and 37 of Appendix I provide details by country for 2001 for the FDI transactions and position data, respectively.

6.19 Table 6.4 indicates that despite some progress since 1997, only 17, or 35 percent, of the 49 countries for which reverse investment transactions are applicable record equity transactions in accordance with the international standards as *Direct investment in the reporting economy: Increase in claims on direct investors.* Almost half of the countries still do not include these transactions in their FDI statistics at all and instead record them as *Portfolio investment* in their balance of payments statistics. The situation for loan transactions is better, and 25 countries (just over half) now record these in accordance with the international standards. Table 6.4 also indicates that 13 countries, or just over one quarter, still exclude reverse investment involving loan transactions from their FDI statistics and instead include them as *Other investment* in their balance of payments statistics—only 3 fewer countries than in 1997.

OECD countries

6.20 Only 8 of the 27 OECD countries for which these transactions are applicable record reverse investment transactions involving the acquisition of equity capital in accordance with the international standards as *Direct investment in the reporting economy: Increase in claims on direct investors*—Australia, Finland, Greece, Iceland, Ireland, Japan, Portugal, and the Slovak Republic. Although a further three OECD countries (Belgium, Denmark, and Italy) apply the directional principle, contrary to the international standards, these countries record the reverse investment transactions as decreases in liabilities to the direct investor rather than as increases in claims on the direct investor. Two OECD coun-

Table 6.4. Treatment of Reverse Investment Transactions When Direct Investment Enterprise Owns Less Than 10% of Its Direct Investor (FDI Relationship in One Direction Only)

	Acquisition of Equity by a Direct Investment Enterprise in Its Direct Investor Is Recorded as:				Provision of a Loan by a Direct Investment Enterprise to Its Direct Investor Is Recorded as:			
	Direct investment in the reporting economy (i.e., directional principle)				Direct investment in the reporting economy (i.e., directional principle)			
Number of Countries	Increase in claims on direct investors	Decrease in liabilities to direct investors	Direct investment abroad: Increase in claims on affiliated enterprises (i.e., asset/liability principle)	Portfolio investment: Increase in assets: Equity securities (i.e., not FDI)	Increase in claims on direct investors	Decrease in liabilities to direct investors	Direct investment abroad: Increase in claims on affiliated enterprises (i.e., asset/liability principle)	Other investment: Increase in assets: Loans (i.e., not FDI)
Total 2001 (61)	17	3	6	23	25	8*	3*	13
Total 1997 (61)	9	2	9	22	14	3	11	16
Change	+8	+1	–3	+1	+11	+5	–8	–3
OECD 2001 (30)	8	3	2	14	16	6*	2*	3
OECD 1997 (29)	4	1	3	13	9	2	5	5
Other 2001 (31)	9	0	4	9	9	2	1	10
Other 1997 (32)	5	1	6	9	5	1	6	11

*One OECD country records the provision of a loan in different ways depending on the term of the loan.

tries (Canada and the Netherlands) use the asset/liability principle and, contrary to the international standards, record the transactions as *Direct investment abroad: Increase in claims on affiliated enterprises.* Fourteen countries,[5] or over half the OECD countries for which reverse investments involving equity transactions are applicable, still exclude reverse investment involving equity transactions from their FDI statistics entirely and instead record them as *Portfolio investment*—a situation that has changed little since 1997.

6.21 For reverse investment transactions involving the provision of a loan, there has been some improvement since 1997, and 16 OECD countries,[6] an additional 7, now record these transactions in accordance with the international standards as *Direct investment in the reporting economy: Increase in claims on direct investors.* Although a further six countries (the Czech Republic, Denmark, France,[7] Italy, the Netherlands, and Norway) apply the directional principle, contrary to the international standards, these countries record the reverse investment transactions as decreases in liabilities to the direct investor rather than as increases in claims on the direct investor. Two OECD countries (Canada and France) use the asset/liability principle and, contrary to the international standards, record the transactions as *Direct investment abroad: Increase in claims on affiliated enterprises.* Only three OECD countries (Hungary, Korea, and the United Kingdom) still exclude these reverse investment transactions from their FDI statistics entirely and instead record them as *Other investment.*

Other countries

6.22 A higher proportion than OECD countries record reverse investment transactions involving the acquisition of equity capital in accordance with the international standards as *Direct investment in the*

[5]Austria, the Czech Republic, France, Germany, Hungary, Korea, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

[6]Australia, Austria, Belgium, Finland, Germany, Greece, Iceland, Ireland, Japan, New Zealand, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, and the United States.

[7]France records reverse investment involving the provision of a loan in different ways depending on the term of the loan—long-term loans are treated as *Direct investment in the reporting economy: Decrease in liabilities to direct investors,* while short-term loans are treated as *Direct investment abroad: Increase in claims on affiliated enterprises.*

Table 6.5. Treatment of Reverse Investment Transactions When Direct Investment Enterprise Owns at Least 10% of Its Direct Investor (Two FDI Relationships Established)

	Acquisition of Equity by a Direct Investment Enterprise in Its Direct Investor Is Recorded as:				Provision of a Loan by a Direct Investment Enterprise to Its Direct Investor Is Recorded as:			
	Direct investment in the reporting economy (i.e., directional principle)				Direct investment in the reporting economy (i.e., directional principle)			
Number of Countries	Increase in claims on direct investors	Decrease in liabilities to direct investors	Direct investment abroad: Increase in claims on affiliated enterprises (i.e., asset/liability principle)	Portfolio investment: Increase in assets: Equity securities (i.e., not FDI)	Increase in claims on direct investors	Decrease in liabilities to direct investors	Direct investment abroad: Increase in claims on affiliated enterprises (i.e., asset/liability principle)	Other investment: Increase in assets: Loans (i.e., not FDI)
Total 2001 (61)	4	4	42	1	8	3	34	4*
Total 1997 (61)	5	5	36	2	8	7	25	9
Change	–1	–1	+6	–1	0	–4	+9	–5
OECD 2001 (30)	1	2	24	0	5	1	20	0
OECD 1997 (29)	0	1	21	0	3	3	16	0
Other 2001 (31)	3	2	18	1	3	2	14	4*
Other 1997 (32)	5	4	15	2	5	4	9	9

*One country classifies reverse investment involving the provision of a loan as Portfolio Investment, not FDI or Other Investment.

reporting economy: Increase in claims on direct investors—9,[8] or 41 percent, of the 22 countries for which these transactions are applicable, compared with 30 percent of the relevant OECD countries. None of the non-OECD countries now records these transactions as *Direct investment in the reporting economy: Decrease in liabilities to direct investors,* and only four countries (including Botswana and Chile) use the assets/liabilities principle and record them, contrary to the international standards, as *Direct investment abroad: Increase in claims on affiliated enterprises.* However, nine countries, contrary to the international standards, exclude these transactions from their FDI statistics entirely and instead record them as *Portfolio investment*—the same number as in 1997.[9]

6.23 The situation for reverse investment transactions involving the provision of a loan is almost exactly the same as for those involving the acquisition of equity, with three exceptions: (1) Estonia, for which reverse investment involving the acquisition of equity is not applicable, records reverse investment involving the provision of a loan in accordance with the international standards as *Direct investment in the reporting economy: Increase in claims on direct investors;* (2) Israel, which treats the acquisition of equity as portfolio investment, includes the provision of a loan in its FDI statistics although recorded, contrary to the international standards, as *Direct investment in the reporting economy: Decrease in liabilities to direct investors;* and (3) Nigeria, for which reverse investment transactions involving the acquisition of equity are not applicable, excludes reverse investment transactions involving the provision of a loan from its FDI statistics and instead records them under *Other investment* in the balance of payments statistics.

Treatment of Reverse Investment When Two FDI Relationships Have Been Established

6.24 Table 6.5 shows the treatment in 2001 and 1997 of reverse investment transactions when the direct investment enterprise resident in the reporting economy owns at least 10 percent of its nonresident direct investor, and two separate direct investment relationships have therefore been established. Tables 38 and

[8]The countries include Colombia, Costa Rica, Croatia, Hong Kong SAR, Kazakhstan, Latvia, Malaysia, and Singapore.

[9]The nine countries include Argentina, Guatemala, Israel, Russia, Slovenia, South Africa, Thailand, and Tunisia.

39 of Appendix I provide details by country for 2001 for the FDI transactions and position data, respectively.

6.25 Table 6.5 indicates that, unlike the situation regarding reverse investment when the FDI relationship is in one direction only, most countries treat the transactions in accordance with the international standards when two separate direct investment relationships have been established. The table shows that 42 countries, or 82 percent of the 51 countries for which these transactions are applicable, record reverse investment involving the acquisition of equity in accordance with the international standards as *Direct investment abroad: Increase in claims on affiliated enterprises.* The table also indicates that 34 countries, or 69 percent of the 49 countries for which these transactions are applicable, record reverse investment involving the provision of a loan in accordance with the international standards as *Direct investment abroad: Increase in claims on affiliated enterprises.*

OECD countries

6.26 Twenty-four, or 89 percent, of the 27 OECD countries for which these transactions are applicable record reverse investment involving the acquisition of equity in accordance with the international standards as *Direct investment abroad: Increase in claims on affiliated enterprises.* Contrary to the international standards, one country (Belgium) records these transactions as *Direct investment in the reporting economy: Increase in claims on direct investors,* while two countries (the Netherlands and Norway) record them as *Direct investment in the reporting economy: Decrease in liabilities to direct investors.* As in 1997, no OECD countries exclude reverse investment transactions involving the acquisition of equity from their FDI statistics in instances when two separate direct investment relationships have been established.

6.27 Somewhat fewer of the OECD countries follow the international standards regarding the treatment of reverse investment involving the provision of a loan. Only 20, or 77 percent, of the 26 OECD countries for which these transactions are applicable record them in accordance with the international standards as *Direct investment abroad: Increase in claims on affiliated enterprises.* Contrary to the international standards, five countries (Belgium, New Zealand, Norway, Switzerland, and the United Kingdom) record these transactions as *Direct investment in the reporting economy: Increase in claims on direct investors.* In addition, one country (Denmark) records them as *Direct investment in the reporting economy: Decrease in liabilities to direct investors.* As in 1997, no OECD countries for which these transactions are applicable entirely exclude reverse investment transactions involving the provision of a loan from their FDI statistics.

Other countries

6.28 Eighteen, or 75 percent, of the 24 countries for which such transactions are applicable record reverse investment involving the acquisition of equity in accordance with the international standards as *Direct investment abroad: Increase in claims on affiliated enterprises.* Contrary to the international standards, three countries (including Costa Rica and Guatemala) record these transactions as *Direct investment in the reporting economy: Increase in claims on direct investors,* while two countries (Singapore and Tunisia) record them as *Direct investment in the reporting economy: Decrease in liabilities to direct investors.* In addition, one country (Nigeria) excludes reverse investment transactions involving the acquisition of equity from its FDI statistics and instead records them as *Portfolio investment* in its balance of payments statistics.

6.29 As with the OECD countries, somewhat fewer countries follow the international standards regarding the treatment of reverse investment involving the provision of a loan. Only 14, or 61 percent, of the 23 countries for which these transactions are applicable record them in accordance with the international standards as *Direct investment abroad: Increase in claims on affiliated enterprises.* Contrary to the international standards, three countries (including Costa Rica and Guatemala) record these transactions as *Direct investment in the reporting economy: Increase in claims on direct investors.* In addition, two countries (Singapore and Tunisia) record them as *Direct investment in the reporting economy: Decrease in liabilities to direct investors,* and four countries (including Nigeria, Peru, and Slovenia) exclude reverse investment transactions involving the provision of a loan from their FDI statistics entirely and instead either record them as *Other investment* in the balance of payments statistics, in the case of Nigeria and Slovenia, or as *Portfolio investment,* in the case of Peru.