

<b>FOREIGN DIRECT INVESTMENT</b>	
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DEVELOPMENT FIELD	Competitive economy and faster economic growth – Increasing competitiveness and promoting entrepreneurial development
DESCRIPTION OF INDICATOR	<p><u>Definition:</u></p> <p>The methodology of measuring <b>foreign direct investment (FDI)</b> in Slovenia is harmonised with the recommendations of the International Monetary Fund (IMF), the OECD, and the methodology of the SNA (System of National Accounts). According to the IMF and OECD guidelines, foreign direct investment includes (i) equity capital and reinvested earnings; (ii) claims on affiliated enterprises abroad; and (iii) liabilities to affiliated enterprises abroad and investments aimed at establishing long-term co-operation between the direct investor and the affiliated enterprise, i.e. ensuring a greater degree of influence by the direct investor on the management of the enterprise. Until 1993, countries used different criteria to define direct investment. In order to ensure data comparability, the fifth edition of the IMF's Balance of Payments Manual specifies that a direct investor must own at least 10% of the ordinary shares or voting power of an enterprise. There are two exceptions to this rule: (i) if the direct investor owns less than 10% of the ordinary shares or voting power of an enterprise but has an effective voice in management, such investment may be regarded as direct investment; (ii) if the investor owns 10% or more of the shares but does not have an effective voice in management, the investment is not regarded as direct investment. The IMF recommends that figures on equity capital (and within that category also the value of reinvested earnings) should be recorded separately from figures on other capital. Other direct investment capital comprises the claims on and liabilities to affiliated enterprises except for short-term claims on and liabilities to banks, which the IMF recommends to be classified as portfolio or other investment.</p> <p>With regard to these recommendations, the main methodological characteristics of FDI stock data, collected by the Bank of Slovenia, are the following: (a) direct investors may be individuals, enterprises, groups of individuals or enterprises, and governments or government agencies that directly invest in an enterprise abroad; (b) data collection is based on the 10% criterion for equity shares; (c) since 1996, direct investment has included investments in indirectly affiliated enterprises (indirect ownership of Slovenian enterprises that own at least a 10% share in a directly affiliated enterprise abroad, with the directly affiliated enterprise owning at least a 10% share in the indirectly affiliated enterprise abroad; or non-residents owning at least a 10% share in a directly affiliated enterprise in Slovenia with the directly affiliated enterprise owning at least a 10% share in the indirectly affiliated enterprise in Slovenia); (d) stock figures include equity capital, reinvested earnings, and claims on and liabilities to affiliated enterprises abroad. Short term claims on and liabilities to banks are not included; (e) the value of investments is calculated on the basis of the book value which is used to value investments in accordance with the Slovenian Accounting Standards; (f) figures on direct investment do not include: (i) the value of real estate abroad owned by Slovenian households (mostly real estate in Croatia); (ii) the value of claims on other countries of the former Socialist Federal Republic of Yugoslavia that are subject to succession negotiations, or other seized assets in this territory or other assets whose ownership was transferred from legal entities to</p>

	<p>the Slovenian Government during the privatisation process; (g) figures on the stock of investment include all changes in the stock of direct investment classified by type; (i) net profits/losses, (ii) reinvested profits/losses, (iii) disbursed profits. Reinvested earnings are equal to the difference between net profits in the current year (excluding extraordinary profits and losses since 2004) and profits disbursed in the same year.</p> <p><i>Detailed methodological explanations:</i></p> <ol style="list-style-type: none"> <li>1. International Monetary Fund's Balance of Payments Manual, Fifth Edition, 1993</li> <li>2. OECD Benchmark Definition of Foreign Direct Investment, OECD, Paris, 1996</li> <li>3. System of National Accounts, CEC-IMF-OECD-UN-WB, 1993</li> <li>4. Neposredne naložbe 2005 / Direct Investment 2005, Bank of Slovenia, 2007</li> </ol> <p><i>International comparability:</i> The indicator is internationally comparable.</p> <p><i>Manner of presentation:</i> aggregately for the whole economy – inward and outward FDI (stock and annual inflow), by activities of the Standard Classification of Activities</p> <p><i>Unit of measurement:</i> % of GDP, EUR million</p>
SOURCE OF DATA FOR SLOVENIA	<p><i>Institution (publication):</i> Bank of Slovenia: Bulletin of the Bank of Slovenia</p> <p><i>Frequency of publication:</i> annually</p>
AVAILABLE TIME SERIES	1993–2005
INTERNATIONAL COMPARISONS	EU (by country); <i>source:</i> UNCTAD (World Investment Report)