

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.

Kazakhstan:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Kazakhstan

- 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 KAZAKHSTAN
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly 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 90 days (3 months) after the end of the reference period.

Revision Policy: The data are revised on a quarterly basis, and become final 12 months after their first release.

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 data are compiled primarily from (i) quarterly enterprise surveys of direct investment enterprises in Kazakhstan, and (ii) information from the Ministry of Finance on sales of shares and real estate belonging to government authorities. Information from (i) exchange control authorities and investment approval authorities, and (ii) bilateral sources, is used as secondary data sources. Published sources, such as company accounts, and press reports are used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers maintained by the Customs Committee, (ii) other statistical collection forms, (iii) regional offices/ branches of the National Bank of Kazakhstan, (iv) registers maintained by government licensing and regulatory authorities (such as the Statistical Register maintained by Agency on Statistics, the list of shares and bonds issued maintained by the Department of Securities Market Regulation, the list of foreign companies issued licenses to undertake construction in Kazakhstan maintained by the Ministry of Economy and Trade, the list of privatized enterprises maintained by the Ministry of Finance), and other departments of the National Bank of Kazakhstan, and (v) the financial press.

Geographic Classification: Quarterly data showing country breakdowns for direct investment income and direct investment financial flows are disseminated with a timeliness of 3 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 used in the compilation of the data. Data are compiled and are available on request showing breakdowns of both direct investment income and direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) the OECD, (iii) NAFTA, and (iv) the CIS countries. The five countries with the largest amount of direct investment flows into Kazakhstan during the period from 1993 through the third quarter of 2001 (ranked in descending order) were: the United States, the United Kingdom, Korea, Italy and Canada. The five countries with the largest amount of direct investment flows into Kazakhstan during the third quarter of 2001 (ranked in descending order) were: the United States, the United Kingdom, Italy, Canada, and China.

Industrial Classification: Quarterly data showing breakdowns by industrial sector for direct investment income and direct investment financial flows, are disseminated with a timeliness of 3 months after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification used is the General Classification of all Economic Activities, produced by the Agency on Statistics, which is consistent with the NACE classification system used by Eurostat, and broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns of direct investment income and direct investment financial flows by industrial sector/region or economic zone are compiled and are available on request for: (i) the European Union, (ii) the OECD, (iii) NAFTA, and (iv) the CIS countries. Data showing breakdowns by industrial sector/partner country are also compiled and are available on request.

B. Methodology

Definition of Direct Investment Enterprises in Kazakhstan: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Kazakhstan is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not

included. A value threshold of USD 100,000 in equity contribution is used by the National Bank of Kazakhstan for registration of direct investment enterprises in Kazakhstan. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Kazakhstan 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: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded on the date they are paid, rather than the date they are payable. In accordance with the international standards, dividends and distributed branch profits are recorded gross of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): 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 affiliated financial intermediaries. In accordance with the international standards, the data are compiled on an accrual basis.

Treatment of Equity Capital: The data cover: (i) listed voting stocks (shares), (ii) unlisted voting stocks, and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. The data do not cover other non-voting stocks (including participating preference shares). 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. Financial derivatives are not applicable in Kazakhstan at present. 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 involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data include transactions between affiliated financial intermediaries involving claims and liabilities related to usual 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. Transactions associated with permanent debt between affiliated financial intermediaries are not applicable in Kazakhstan at present.

Treatment of Reverse Investment: Transactions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Kazakhstan and the direct investor is a nonresident, (i) 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 as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”, and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded as “Direct Investment in Kazakhstan: Increase in Claims on Direct Investors”.

Treatment of Quasi-corporations: In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Kazakhstan by nonresidents of mobile equipment, such as aircraft and drilling rigs. Contrary to the international standards, the data do not include

activities of quasi-corporations involving the operation in Kazakhstan by nonresidents of construction enterprises. Quasi-corporations arising from the operation of ships are not applicable in Kazakhstan.

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

Treatment of Special Purpose Entities (SPEs): Not applicable. There are no SPEs established in Kazakhstan 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 Kazakhstan by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the direct investment data include expenditure related to natural resources exploration in Kazakhstan 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, but some are converted at the average exchange rate in the period in which the transactions are recorded.

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 90 days (3 months) after the end of the reference period.

Revision Policy: The data are revised on a quarterly basis, and become final 12 months after their first release.

Data Coverage: No major industrial sectors are excluded beginning with the data for 2001. Prior to that date, the data covered only the banking sector.

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data are compiled primarily from quarterly enterprise surveys of direct investment enterprises in Kazakhstan. Information from: (i) exchange control authorities and investment approval authorities, and (ii) bilateral sources, is used as secondary data sources. Published sources, such as company accounts, and press reports are used for cross-checking the data. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers maintained by the Customs Committee, (ii) other statistical collection forms, (iii) regional offices/ branches of the National Bank of Kazakhstan, (iv) registers maintained by government licensing and regulatory authorities (such as the Statistical Register maintained by Agency on Statistics, the list of shares and bonds issued maintained by the Department of Securities Market Regulation, the list of foreign companies issued licenses to undertake construction in Kazakhstan maintained by the Ministry of Economy and Trade, and the list of privatized enterprises maintained by the Ministry of Finance), and other departments of the National Bank of Kazakhstan, and (v) the financial press.

Geographic Classification: Quarterly data showing country breakdowns are disseminated with a timeliness of 3 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 compiled and are available on request showing breakdowns by regions or economic zones for: (i) the European Union, (ii) the OECD, (iii) NAFTA, and (iv) the CIS countries. The five countries with the largest amount of direct investment in Kazakhstan as at the end of September 2001 (ranked in descending order) were: the United States, the United Kingdom, Italy, the Netherlands, and China.

Industrial Classification: Quarterly data showing breakdowns by industrial sector are disseminated with a timeliness of 3 months after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification used is the General Classification of all Economic Activities, produced by the Agency on Statistics, which is consistent with the NACE classification system used by Eurostat, and broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by industrial sector/region or economic zone are compiled and are available on request for: (i) the European Union, (ii) the OECD, (iii) NAFTA, and (iv) the CIS countries. Data showing breakdowns by industrial sector/partner country are also compiled and are available on request.

B. Methodology

Definition of Direct Investment Enterprises in Kazakhstan: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Kazakhstan is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. A value threshold of USD 100,000 in equity contribution is used by the National Bank of Kazakhstan for registration of direct investment enterprises in Kazakhstan. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity and other

capital position data. Enterprises in Kazakhstan 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: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) non-cash acquisitions of equity, such as through the provision of capital equipment, and (iv) reinvested earnings. The data do not cover other non-voting stocks, including participating preference shares. 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 Kazakhstan.)

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. Financial derivatives are not applicable in Kazakhstan at present. 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 involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data include positions between affiliated financial intermediaries involving claims and liabilities related to usual 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. Positions associated with permanent debt between affiliated financial intermediaries are not applicable in Kazakhstan at present.

Treatment of Reverse Investment: Positions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Kazakhstan and the direct investor is a nonresident: (i) 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 as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises", and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as "Liabilities: Direct Investment in Kazakhstan: Claims on Direct Investors".

Treatment of Quasi-corporations: In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Kazakhstan by nonresidents of mobile equipment, such as aircraft and drilling rigs. Contrary to the international standards, the data do not include activities of quasi-corporations involving the operation in Kazakhstan by nonresidents of construction enterprises. Quasi-corporations arising from the operation of ships are not applicable in Kazakhstan.

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

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

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings in Kazakhstan by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the direct investment data include expenditure related to natural resources exploration in Kazakhstan by nonresidents.

Valuation: In accordance with the international standards, the data on equity capital are recorded primarily at market values. However, some equity positions involving unlisted enterprises, and most data on other capital positions are recorded at book values, rather than market values. The book values used are the values shown in the accounting records of the reporting enterprises.

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.

KAZAKHSTAN: DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS ("TRANSACTIONS DATA")

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on direct investment financial flows (equity capital and other capital) are disseminated with a timeliness of 90 days (3 months) after the end of the reference period. Data on direct investment income (income on equity, reinvested earnings, and income on debt [interest]) are not compiled.

Revision Policy: The data are revised on a quarterly basis, and become final 12 months after their first release.

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 data are compiled primarily from quarterly enterprise surveys of residents with direct investment enterprises abroad. Information from exchange control authorities and investment approval authorities is used as a secondary data source. Published sources, such as company accounts, and press reports are used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers maintained by the Customs Committee, (ii) other statistical collection forms, (iii) regional offices/ branches of the National Bank of Kazakhstan, (iv) registers maintained by government licensing and regulatory authorities (such as the Statistical Register maintained by Agency on Statistics), and other departments of the National Bank of Kazakhstan (the list of investors issued licenses to conduct direct investment abroad), and (v) the financial press.

Geographic Classification: Quarterly data showing country breakdowns for direct investment financial flows are compiled with a timeliness of 3 months after the end of the reference period 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 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 Kazakhstan during the period from 1993 through the third quarter of 2001 were: Russia, the Netherlands, Uzbekistan, the Kyrgyz Republic, and the Ukraine.

Industrial Classification: Quarterly data showing breakdowns by industrial sector for direct investment financial flows are disseminated with a timeliness of 3 months after the end of the reference period. The data are based on the industry of the resident direct investor. The classification used is the General Classification of all Economic Activities, produced by the Agency on Statistics, which is consistent with the NACE classification system used by Eurostat, and broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by (i) industrial sector/region or economic zone, and (ii) industrial sector/partner country, are not compiled.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The "Fully Consolidated System" (FCS) recommended in the international standards is not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Kazakhstan 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: Not applicable. Data on direct investment income are not compiled.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): Not applicable. Data on direct investment income are not compiled.

Treatment of Reinvested Earnings and Undistributed Branch Profits: Not applicable. Data on direct investment income are not compiled.

Treatment of Income on Debt (Interest): Not applicable. Data on direct investment income are not compiled.

Treatment of Equity Capital: The data cover: (i) listed voting stocks (shares), (ii) unlisted voting stocks, and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. Other non-voting stocks (including participating preference shares) are not applicable for direct investors abroad. In accordance with the international standards, the data include equity transactions between affiliated banks. Equity transactions between affiliated financial intermediaries are not applicable for Kazakh direct investors abroad at present.

Treatment of Other Capital: The data cover: (i) long-term loans, and (ii) short-term loans. Transactions involving (i) bonds and money market instruments, (ii) financial leases, (iii) trade credits, and (iv) financial derivatives are not applicable for Kazakh direct investors abroad at present. Transactions involving (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, (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, and (iv) permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries, are also not applicable for Kazakh direct investors abroad at present.

Treatment of Reverse Investment: Transactions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Kazakhstan and the direct investor is a nonresident, (i) 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 as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises", and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded as "Direct Investment in Kazakhstan: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations: Not applicable. There are no instances of quasi-corporations involving the operation abroad by Kazakh residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs and (ii) construction enterprises, at present.

Treatment of Offshore Enterprises: Not applicable. There are no offshore enterprises established abroad by Kazakh residents at present.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, (i) activities of SPEs established abroad by Kazakh residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Kazakh residents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are excluded from the data.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Kazakh resident enterprises and individuals.

Treatment of Natural Resources Exploration: Not applicable. There are no instances of expenditure related to natural resources exploration abroad by Kazakh residents at present.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of transaction, but some are converted at the average exchange rate in the period in which the transactions are recorded.

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

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) equity capital, and (ii) other capital, are disseminated with a timeliness of 90 days (3 months) after the end of the reference period. Data on reinvested earnings are not compiled.

Revision Policy: The data are revised on a quarterly basis, and become final 12 months after their first release.

Data Coverage: No major industrial sectors are excluded from the data beginning with the data for 2001. Prior to that date, the data covered only the banking sector.

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data are compiled primarily from quarterly enterprise surveys of residents with direct investment enterprises abroad. Information from exchange control authorities and investment approval authorities is used as secondary data sources. Published sources, such as company accounts, and press reports are used for cross-checking the data. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers maintained by the Customs Committee, (ii) other statistical collection forms, (iii) regional offices/ branches of the National Bank of Kazakhstan, (iv) registers maintained by government licensing and regulatory authorities (such as the Statistical Register maintained by Agency on Statistics), and other departments of the National Bank of Kazakhstan (the list of enterprises issued licenses to conduct direct investment abroad), and (v) the financial press.

Geographic Classification: Quarterly data showing country breakdowns are compiled with a timeliness of 3 months after the end of the reference period and are available on request. 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 compiled but not disseminated. The five countries with the largest amount of direct investment from Kazakhstan as at the end of September 2001 (ranked in descending order) were: the Netherlands, Russia, the Kyrgyz Republic, Uzbekistan, and the Ukraine.

Industrial Classification: Quarterly data showing breakdowns by industrial sector are disseminated with a timeliness of 3 months after the end of the reference period. The data are based on the industry of the resident direct investor. The classification used is the General Classification of all Economic Activities, produced by the Agency on Statistics, which is consistent with the NACE classification system used by Eurostat, and broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by (i) industrial sector/region or economic zone, and (ii) industrial sector/partner country, are not compiled.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the relevant share of indirectly-owned direct investment enterprises is not included in the equity and other capital position data. (Data on reinvested earnings are not compiled.) Enterprises in Kazakhstan 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: (i) listed voting stocks (shares), and (ii) unlisted voting stocks. Positions involving: (i) other non-voting stocks, including participating preference shares, and (ii) non-cash acquisitions of equity, such as through the provision of capital equipment, are not applicable for Kazakh direct investors abroad at present. Data on reinvested earnings are not compiled. In accordance with the international standards, the data include equity positions between affiliated banks. Equity positions between affiliated financial intermediaries are not applicable for Kazakh direct investors abroad at present.

Treatment of Other Capital: The data cover: (i) long-term loans, and (iii) short-term loans. Positions involving (i) bonds and money market instruments, (ii) financial leases, (iii) trade credits, and (iv) financial derivatives are not applicable for Kazakh direct investors abroad at present. Positions involving (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, (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, and (iv) permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries, are also not applicable for Kazakh direct investors abroad at present.

Treatment of Reverse Investment: Positions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Kazakhstan and the direct investor is a nonresident: (i) 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 as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as "Liabilities: Direct Investment in Kazakhstan: Claims on Direct Investors".

Treatment of Quasi-corporations: Not applicable. There are no instances of quasi-corporations involving the operation abroad by Kazakh residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs and (ii) construction enterprises, at present.

Treatment of Offshore Enterprises: Not applicable. There are no offshore enterprises established abroad by Kazakh residents at present.

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

Treatment of Natural Resources Exploration: Not applicable. There are no instances of expenditure related to natural resources exploration abroad by Kazakh residents at present.

Valuation: In accordance with the international standards, the data on equity capital are recorded primarily at market values. However, some equity positions involving unlisted enterprises, and most data on other capital positions are recorded at book values, rather than market values. The book values used are the values shown in the accounting records of the reporting enterprises.

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.