D.7 Sectoral Breakdown of Direct Investment
D.7 Sectoral Breakdown of Direct Investment

Within the financial account of the balance of payments and in the international investment position (IIP), direct investment (DI) is the functional category for which the financial instruments are not presented by resident institutional sector breakdown. Sectoral breakdown provides a convenient way to analyze net foreign lending or borrowing of each domestic sector, as well as to detect any external sustainability and vulnerability risks emanating from specific domestic sectors. In that respect, the presentation of DI statistics by institutional sector breakdown would enhance its usefulness for policy makers and analysts. This paper discusses the possibility of including this composition within the standard components of the balance of payments and IIP and proposes the current assets-liabilities breakdown as memorandum items to the standard presentation. It also suggests reviewing all the current standard, memorandum, and supplementary items for DI, taking into account the current reporting practices by countries.

SECTION I: THE ISSUE

BACKGROUND

1. Direct investment (DI) is the only functional category in the balance of payments and the international investment position (IIP) standard components within the external sector statistics (ESS) that is not presented by institutional sector. However, the IMF’s Balance of Payments and International Investment Position Manual, sixth edition (BPM6) recognizes the importance of the sectoral breakdown and states that direct investment by institutional sector should be shown as a supplementary item where relevant (BPM6, paragraph 2.32 and table 7.2).

2. This note discusses the feasibility of including a resident institutional sector\(^2\) breakdown of DI. The proposals relate to (i) including the sectoral breakdown of direct investment in the standard components of the balance of payments and the IIP rather than as supplementary items,\(^3\) (ii) including the current assets and liabilities components as memorandum items to the standard components, and (iii) reviewing the current classification of the direct investment to avoid numerous components under a single functional category.

3. The sectoral classification of DI will allow to usefully compare ESS data with other datasets, also allowing to complement each other as necessary. The sectoral classification links with balance sheet and other sectoral data compiled in the system of national accounts (SNA), monetary and financial statistics (MFS), and government finance statistics (GFS), thus facilitating comparison with these

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\(^1\) Prepared by Ms. Emma Angulo (IMF), Mr. Éric Simard (Statistics Canada), Mr. Bertrand Pluyaud (Banque de France), Mr. Astrit Sulstarova (UNCTAD), and Mr. Wilson Phiri (Bank of Zambia).

\(^2\) This implies the sector of the domestic holder or lender for assets, and the sector of the domestic issuer or borrower for liabilities, and not the nonresident sector.

\(^3\) This proposal recommends the sectoral breakdown from BPM6. It is possible that this will change in BPM7 depending on the work of the Financial and Payments System Task Team on topics F.1 (More disaggregated definition of the financial sector and financial instruments) and F.6 (Nonbank financial intermediation) as well as on the recommendations from DITT on the topic D.3 on the treatment of collective investment institutions in DI statistics. Any changes in the sectoral breakdown that will be agreed to include in the standard components should be applied to this proposal as well.
datasets. Also, sectoral presentation provides a convenient way to analyze the net foreign lending or borrowing of each domestic sector. These data help detect issues of external sustainability and vulnerability for specific domestic sectors. The sectoral breakdown of DI will also allow synergy of ESS data with the Handbook on Securities Statistics dataset.

4. Additionally, the sectoral breakdown of DI would support Balance Sheet Approach (BSA) by providing details on the external positions for the domestic sectors. As indicated in BPM6, BSA provides an analytical framework for exploring how balance sheet weaknesses contribute to macro financial vulnerabilities, including the origin and propagation of modern-day financial crises (BPM6, paragraph 14.57 to 14.66). The economy’s aggregate balance sheet—the external assets and liabilities of all sectors—is vital to the analysis. Finally, the sectoral breakdown of DI is needed to produce integrated economic accounts.

5. The BSA matrix provides a snapshot view to understand the financial interconnectedness between institutional sectors of an economy and the rest of the world. One of the main data gaps found to build the BSA matrix is the lack of sectoral classification of the direct investment in the IIP. The provision of this breakdown will close this data gap. Therefore, the sectoral presentation is needed to be able to (i) aggregate international accounts data to build the balance sheet matrix (paragraph 14.59 of BPM6), and (ii) compare international accounts with the balance sheets in the SNA, MFS, and GFS (paragraphs 2.32 and 2.34 of BPM6).

ISSUES FOR DISCUSSION

6. The first issue for discussion is whether the sectoral breakdown of DI should be part of the standard components of the balance of payments and the IIP or supplementary data/memorandum items to be collected. All ESS functional categories are classified by instrument, sector, and maturity, in the standard components of the balance of payments and the IIP, except for DI. This note recommends the classification of DI by resident institutional sector as for the rest of the functional categories included in the financial account to close one of the outstanding data gaps in building the balance sheet of the economy and to easily compare ESS with other datasets.

7. Direct investment data should be classified by the same institutional sectors as proposed in BPM6 or in BPM7, as some changes are expected as a result of the work of other workstreams (see footnote 3). Similar to the rest of the functional categories, the sectors would be:
   - central bank,
   - deposit-taking corporations, except the central bank,
   - general government,
   - other financial corporations, and
   - nonfinancial corporations, households, and NPISHs.

   Annex I shows the proposed classification.

8. Based on the following paragraphs of BPM6, in principle, a government and a central bank could be direct investors, but they cannot be DI enterprises. However, large direct investment values from these two domestic sectors are not expected in many countries. 6.20: A direct investor could be:
   (a) an individual or household; (b) an enterprise, incorporated or unincorporated, public or private;
   (c) an investment fund; (d) a government or international organization; (e) a nonprofit institution in an
enterprise that operates for profit; however, the relationship between two nonprofit institutions is excluded from direct investment; (f) an estate, trustee in bankruptcy, or other trust; or (g) any combination of two or more of the above. 6.24: A direct investment enterprise is always a corporation, which as a statistical term includes branches, notional resident units, trusts, other quasi-corporations, and investment funds, as well as incorporated entities. Because a direct investment enterprise is owned by another entity, households or governments can be direct investors, but they cannot be direct investment enterprises. 2.32: Direct investment, if any, of the central bank and other deposit taking corporations is needed to derive aggregates consistent with monetary and financial statistics.

9. The second issue to discuss is whether any changes are needed to the instrument and maturity classification of DI. To avoid a large number of standard components, DI classification only provides the two main categories of financial instruments: equity and investment fund shares, and debt instruments. Therefore, the category "debt instruments" is not disaggregated by specific instruments and includes debt securities; currency and deposits; loans; insurance, pension, and standardized guarantee schemes; trade credits and advances; and other accounts between related companies. Just debt securities, the only negotiable debt instrument, are requested as a supplementary item. The maturity breakdown of DI is not requested in the standard components of BPM6. By convention, debt instruments between related companies are classified as long-term instruments. No change is proposed to the instrument and maturity classification of DI.

10. The third issue for discussion is whether the current standard, memorandum, and supplementary items under DI should be reviewed in light of the inclusion of the sectoral classification. As stated in paragraph 1.15 of BPM6: standard components are items that are fully part of the framework and contribute to the totals and balancing items; memorandum items are part of the standard presentation, but are not used in deriving totals and balancing items; and supplementary items are outside the standard presentation, but are compiled depending on circumstances in the particular economy, taking into account the interests of policymakers and analysts as well as resource costs.

11. As the standard components are used to obtain the aggregated totals, the balance of payments and IIP presentations only allow the inclusion of one breakdown under the DI standard components. This note proposes to include the DI sectoral breakdown under the standard components. Having the sectoral breakdown for DI would enable the analyses of capital flows and their dynamics by sector covering all functional categories. Therefore, the current standard breakdown of the DI, necessary to derive the quarterly directional values, would be included as memorandum items, which are also part of the balance of payments and the IIP standard presentations. The current supplemental breakdown of DI relating to the UCP residency of DI between fellows which is also used to derive the quarterly directional principle, would remain supplemental.5

12. Standard components: the current direct investment classification (Annex II) was introduced in BPM6 as a first step to move from the BPM5 directional principle classification to the BPM6 asset/liability presentation, keeping the possibility of converting the BPM6 presentation to the directional presentation.

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4 A new ECB guideline to be implemented in March 2021, requires the euro area countries to report separated debt instruments.

5 The current international standards extend the application of the directional principle to fellow enterprises and refer to the extended directional principle.
• The directional presentation is more useful for examining the natures and motivations for DI, so the guidelines recommend that the detailed DI statistics by country and by industry be published according to the directional presentation. For example, DI data by partner economy following the directional principle are collected annually through the coordinated direct investment survey (CDIS).

• The current classification would be requested as memorandum items without the instrument breakdown, as the values reported under equity and investment fund shares are currently very small. Annex III shows that the values reported under reverse equity investment and equity between fellows only represent less than 0.3 percent of the reported total for the last four years for both assets and liabilities.

• Additionally, the reinvestment of earnings could be separately identified in the financial account of the balance of payments as an of which item within the standard presentation as a memorandum item.

• The financial account of the balance of payments currently records the same standard components as the IIP, except for reinvestment of earnings. Reinvestment of earnings is reported as a separate item in the financial account of the balance of payments and aggregated to the total value of the direct investment equity in the IIP.

• Since reinvestment of earnings is an important part of DI, it should also be broken down by institutional sector. In order to avoid the confusion that numerous standard components could cause and to align the financial account classification to the IIP, reinvestment of earnings could be aggregated to the equity and investment fund shares values in the standard components of the financial account of the balance of payments and could be also separately identified as a memorandum item (an “of which” item) as shown in Annex I. Reinvested earnings would still be a separate standard component in the primary income account of the balance of payments (see Annex V).

13. Memorandum items: As indicated above, the DI memorandum items could include the current standard components used to derive the directional values. This would enable the calculation of the directional figures on a quarterly basis. These data are important for some analyses of recent developments in DI, such as those by the OECD and UNCTAD. This note also proposes to include the reinvestment of earnings of the financial account as a memorandum item.

14. Supplementary Items: Annex IV presents statistics on the number of countries that report the supplementary items in the BPM6 standard presentation of the balance of payments and the IIP. For all of the supplementary items, 10 percent or fewer of countries report them. Based on this small number and the considerations explained before, this note recommends removing some of the current supplementary items (shown in Annex II) and including the supplementary items shown in Annex I to maintain the possibility to retrieve the extended directional principle.

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7 OECD’s FDI in Figures.
8 UNCTAD’s Investment Trends Monitor.
SECTION II: OUTCOMES

RECOMMENDATIONS

15. Include the sectoral breakdown of DI in the standard components of the balance of payments and the IIP, as presented in Annex I, replacing the current standard components shown in Annex II. This recommendation comprises the following:

- Include the sectoral breakdown of DI for both equity and debt instruments as the primary breakdown within the standard components of the balance of payments and the IIP, like the other functional categories. The sectoral breakdown of the total equity investment is applied to reinvestment of earnings as well, in both the balance of payments and the IIP. Include reinvestment of earnings as a separate memorandum (“of which”) item in the balance of payments presentation.

- Maintain the current standard components used to derive the directional values within DI to support the reconciliation of DI statistics to directional principle as memorandum items (Annex I).

- Given the extensive work being conducted on multinational enterprises (MNEs) within the DITT and in other task teams, after coordination, should the need arise to have additional supplemental statistics on DI, the collection of DI by the directional components may be contemplated as a set of separate memorandum items as part of this new exercise.

16. Include new memorandum items: This recommendation comprises:

- Include the current DI standard components: direct investor in direct investment enterprise; direct investment enterprises in direct investor (reverse investment); and between fellow enterprises, as memorandum items, either:
  - With the instrument breakdown: equity and investment fund shares and debt instruments.
  - Combining equity and debt investment as suggested in Annex I.

- Include reinvestment of earnings as a new memorandum item of the balance of payments, which should be consistent with the standard component, reinvested earnings, recorded in the primary income account.

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9 Standard components are items that are fully part of the framework and contribute to the totals and balancing items (BPM6, paragraph 1.15a).

10 Memorandum items are part of the standard presentation but are not used in deriving totals and balancing items. (BPM6, paragraph 1.15b).
17. For the supplementary items\textsuperscript{11} under DI, either:

- (a) Remove the current supplementary items (Annex II) and replace them by the items presented in Annex I. This recommendation comprises:
  
  - Include the sectoral breakdown of debt securities as supplementary items or simply keep the total of debt securities as supplementary.
  
  - For the following supplementary items: “if ultimate controlling parent is resident,” “nonresident,” and unknown,” either:
    
    - (a) Keep these supplementary items, or
    
    - (b) Remove these supplementary items from the balance of payments and the IIP components.
  
  - Remove “of which, Investment fund shares/units” and “Money market fund shares/units”.

- (b) Remove all supplementary items, given the small number of countries reporting the current supplementary items.

18. This note proposes the DI components presented in Annex I.

19. Other related options for discussion:

- Include the sectoral classification of DI in the currency composition classification requested in Section C. Additional Analytical Position Data of Appendix 9 of BPM6.
  
  - (a) Request intercompany lending by institutional sector in the currency composition data (Section C. (a) currency composition of Appendix 9 of BPM6).
  
  - (b) Keep the current classification presented in Section C. (a) of Appendix 9 of BPM6 and continue requesting DI debt instruments as a separate item without sectoral breakdown under “intercompany lending” in the currency composition data.

- Include the sectoral classification of DI in external debt statistics (EDS), either:
  
  - (a) Classify intercompany lending by institutional sector under long-term instruments in the EDS.
  
  - (b) Keep the current classification of EDS which includes DI debt instruments as a separate item under “intercompany lending”.

- In the primary income account, either:
  
  - (a) Reduce the standard and supplementary items of the primary income account to be consistent with the standard components of the IIP.

\textsuperscript{11} Supplementary items are outside the standard presentation but are compiled depending on circumstances in the particular economy (BPM6, paragraph 1.15c).
(b) Keep the current standard components and most of the supplementary items of the primary income account as presented in Annex V.

- CDIS: consequent changes to the CDIS are not contemplated in this note.

SUMMARY OF DISCUSSION IN THE DITT

20. Within the DITT, the views were somewhat split with several members expressing support for the recommendations and some indicating strong preference to keep the current standard DI presentation. Some countries noted that they already prepared the sectoral breakdown for DI for internal purposes, and some countries publish a sectoral breakdown of DI as part of the national balance sheet due to its analytical value. It was deemed feasible by some countries as the information has to be collected to identify the financial companies for which debt instruments need to be excluded from DI. However, some noted that there could be feasibility and disclosure issues for other countries.

21. UNCTAD and the OECD explicitly indicated a strong preference to keep the current standard and supplemental DI presentation in light of the importance of deriving quarterly directional based DI, which are the most meaningful way for understanding and analyzing DI. Two other DITT members supported keeping the standard DI presentation as in BPM6 noting that due to its nature, DI is unlikely to be subject to abrupt reversals and asset price changes that contribute to macroeconomic instability. They also noted that the availability of DI by economic activity would likely be more relevant for analysis, especially given the importance of the nonfinancial sector in DI. However, countries are encouraged to publish the industry classification by the DI enterprise, while the sectoral breakdown is by resident entity—either DI enterprise or direct investor.

22. Only a couple of DITT members commented on the other issues for discussion. Those that did supported removing the supplementary items on the residency of the ultimate controlling parent and highlighted the need to reflect any changes in the External Debt Statistics Guide. They preferred to keep the category of intercompany lending in the currency composition table. There was also some support for including the maturity breakdown for debt securities classified in DI. Finally, there was not agreement on whether the breakdown if primary income should follow the sectoral breakdown or follow the proposal in Annex V.

Questions for Discussion:

1. Does the Committee agree with the proposal to include sectoral breakdown of DI in the standard components of the balance of payments and the IIP, and maintain the standard components used to derive the directional values as memorandum items?

2. Does the Committee agree with the proposed new memorandum and supplementary items (other than above) as presented in Annex I?

3. What are the Committee’s views/preferences on the other related options for discussion concerning the sectoral classification of DI in the currency composition, EDS, and the options for the related items in the primary account of the balance of payments.

12 Comments on the recommendations were received from Australia, Brazil, Japan, Russia, South Africa, the United States, ECB, IMF, and OECD; Poland provided comments on the document but not on the recommendations.
## Annex I. Suggested Standard Components, Memorandum, and Supplementary Items of DI

<table>
<thead>
<tr>
<th><strong>Direct investment</strong></th>
<th><strong>Equity and investment fund shares</strong></th>
<th><strong>Central Bank</strong></th>
<th><strong>Deposit-taking corporations, except the central bank</strong></th>
<th><strong>General government</strong></th>
<th><strong>Other sectors</strong></th>
<th><strong>Nonfinancial corporations, households, and NPISHs</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>

**Debt instruments**

- Central Bank
- Deposit-taking corporations, except the central bank
- General government
- Other sectors
  - Other financial corporations
  - Nonfinancial corporations, households, and NPISHs

**Direct investment**

- Direct investor in direct investment enterprises
- Direct investment enterprises in direct investor (reverse inv.)
- Between fellow enterprises
  - if ultimate controlling parent is resident
  - if ultimate controlling parent is nonresident
  - if ultimate controlling parent is unknown

**Of Which Debt securities**

<table>
<thead>
<tr>
<th><strong>BOP</strong></th>
<th><strong>IIP</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFA</td>
<td>NIL</td>
</tr>
<tr>
<td>Assets</td>
<td>Liabilities</td>
</tr>
</tbody>
</table>
## Annex II. Current Standard Components and Supplementary Items of Direct Investment

<table>
<thead>
<tr>
<th>BOP</th>
<th>IIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFA</td>
<td>NIL</td>
</tr>
</tbody>
</table>

### Direct investment

**Equity and investment fund shares**

- Equity other than reinvestment of earnings
- Direct investor in direct investment enterprises
- Direct investment enterprises in direct investor (reverse investment)
  
  **Between fellow enterprises**
  
  - if ultimate controlling parent is resident
  - if ultimate controlling parent is nonresident
  - if ultimate controlling parent is unknown

**Reinvestment of earnings (only BOP)**

- Of Which, Investment fund shares/units
  
  **Money market fund shares/units**

### Debt instruments

- Direct investor in direct investment enterprises
- Direct investment enterprises in direct investor (reverse investment)
  
  **Between fellow enterprises**
  
  - if ultimate controlling parent is resident
  - if ultimate controlling parent is nonresident
  - if ultimate controlling parent is unknown

**Of Which, Debt securities**

- Direct investor in direct investment enterprises
- Direct investment enterprises in direct investor (reverse investment)
  
  **Between fellow enterprises**
  
  - if ultimate controlling parent is resident
  - if ultimate controlling parent is nonresident
  - if ultimate controlling parent is unknown

<table>
<thead>
<tr>
<th>IIP. Total World (Millions of US Dollars)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Investment Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity other than reinvestment of earnings</td>
<td>32,523,467</td>
<td>38,133,566</td>
<td>35,420,637</td>
<td>35,024,398</td>
</tr>
<tr>
<td>Direct investor in direct investment enterprises</td>
<td>18,912,709</td>
<td>21,723,966</td>
<td>20,483,045</td>
<td>19,776,791</td>
</tr>
<tr>
<td>Direct investment enterprises in direct investor (reverse investment)</td>
<td>19,920</td>
<td>21,683</td>
<td>22,015</td>
<td>21,857</td>
</tr>
<tr>
<td>Between fellow enterprises</td>
<td>25,069</td>
<td>33,886</td>
<td>29,907</td>
<td>49,019</td>
</tr>
<tr>
<td><strong>Direct Investment Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity other than reinvestment of earnings</td>
<td>28,726,744</td>
<td>33,726,605</td>
<td>35,208,284</td>
<td>33,821,105</td>
</tr>
<tr>
<td>Direct investor in direct investment enterprises</td>
<td>18,333,480</td>
<td>21,237,591</td>
<td>20,154,259</td>
<td>18,277,780</td>
</tr>
<tr>
<td>Direct investment enterprises in direct investor (reverse investment)</td>
<td>33,170</td>
<td>37,717</td>
<td>35,855</td>
<td>16,363</td>
</tr>
<tr>
<td>Between fellow enterprises</td>
<td>15,620</td>
<td>18,422</td>
<td>15,824</td>
<td>18,385</td>
</tr>
<tr>
<td><strong>IIP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
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<tr>
<td>2019</td>
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</tbody>
</table>

**Direct Investment Assets. Equity**

**Percentage of the components**

- Direct investor in direct investment enterprises: 99.8%, 99.7%, 99.7%, 99.6%
- Direct investment enterprises in direct investor (reverse investment): 0.1%, 0.1%, 0.1%, 0.1%
- Between fellow enterprises: 0.1%, 0.2%, 0.1%, 0.2%

**Direct Investment Liabilities. Equity**

**Percentage of the components**

- Direct investor in direct investment enterprises: 99.7%, 99.7%, 99.7%, 99.8%
- Direct investment enterprises in direct investor (reverse investment): 0.2%, 0.2%, 0.2%, 0.1%
- Between fellow enterprises: 0.1%, 0.1%, 0.1%, 0.1%
### Annex IV. Percentage of Countries Reporting the Current Supplementary Items of Direct Investment

<table>
<thead>
<tr>
<th>Number of Countries with Non-Zero Data</th>
<th>BOP (out of 182)</th>
<th>IIP (out of 156)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net acquisition of financial assets/assets</strong></td>
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</tr>
<tr>
<td>Equity and investment fund shares. Between fellow enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>if ultimate controlling parent is resident</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>if ultimate controlling parent is nonresident</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>if ultimate controlling parent is unknown</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Of which: Investment fund shares or units</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Of which: Money market fund shares or units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments. Between fellow enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>if ultimate controlling parent is resident</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>if ultimate controlling parent is nonresident</td>
<td>8%</td>
<td>8%</td>
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<tr>
<td>if ultimate controlling parent is unknown</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Of which: Debt securities</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Direct investor in direct investment enterprises</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Direct investment enterprises in direct investor (reverse investment)</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Between fellow enterprises</td>
<td></td>
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</tr>
<tr>
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<td>1%</td>
</tr>
<tr>
<td>if ultimate controlling parent is unknown</td>
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<td>2%</td>
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<td>Of which: Money market fund shares or units</td>
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<tr>
<td><strong>Net incurrence of liabilities/liabilities</strong></td>
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<tr>
<td>Equity and investment fund shares. Between fellow enterprises</td>
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<td></td>
</tr>
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<td>2%</td>
<td>1%</td>
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<tr>
<td>if ultimate controlling parent is nonresident</td>
<td>1%</td>
<td>2%</td>
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<td>Of which: Investment fund shares or units</td>
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<td>Of which: Money market fund shares or units</td>
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<tr>
<td>Debt instruments. Between fellow enterprises</td>
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<td>if ultimate controlling parent is resident</td>
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<td>if ultimate controlling parent is nonresident</td>
<td>9%</td>
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<td>if ultimate controlling parent is unknown</td>
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<td>5%</td>
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<td>Of which: Debt securities</td>
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<td>Direct investor in direct investment enterprises</td>
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<td>Direct investment enterprises in direct investor (reverse investment)</td>
<td>1%</td>
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<td>Between fellow enterprises</td>
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<tr>
<td>if ultimate controlling parent is resident</td>
<td>3%</td>
<td>2%</td>
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<tr>
<td>if ultimate controlling parent is nonresident</td>
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<td>Of which: Money market fund shares or units</td>
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<td>1%</td>
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</tbody>
</table>
Annex V. Primary Income. Direct Investment. Suggested Standard and Supplementary Components

<table>
<thead>
<tr>
<th>BOP</th>
<th>Credits</th>
<th>Debits</th>
</tr>
</thead>
</table>

**Investment income**

**Direct investment**

**Income on equity and investment fund shares**

- Dividends and withdrawals from income of quasi-corporations
  - *Direct investor in direct investment enterprises*
  - *Direct investment enterprises in direct investor (reverse investment)*
  - *Between fellow enterprises*
    - *if ultimate controlling parent is resident*
    - *if ultimate controlling parent is nonresident*
    - *if ultimate controlling parent is unknown*

*Reinvested earnings*

- *Investment income attributable to policyholders in insurance, pension schemes, and standardized guarantees, and to investment fund shareholders*
  - *Of which: Investment income attributable to investment fund shareholders*

**Interest**

- *Direct investor in direct investment enterprises*
- *Direct investment enterprises in direct investor (reverse investment)*
  - *Between fellow enterprises*
    - *if ultimate controlling parent is resident*
    - *if ultimate controlling parent is nonresident*
    - *if ultimate controlling parent is unknown*

*Memorandum: Interest before FISIM*