



Annual stock statistics on direct investments

Direct investments	The statistics show holdings of Danish direct investments abroad and foreign direct investments in Denmark. In order to show changes in holdings during the year credit flows and value adjustments, etc. are included in some of the tables.
Tables, annual data	The Tables supplement contains annual data for direct investments broken down by equity and intercompany debt, which again are broken down by industry and country. The focus is on direct investments excl. pass-through investments which are described below.
Sources	<p>As of end-2004, the system for collection of information on Denmark's international investment position and the financial account of the balance of payments is based on the following four main sources:</p> <ul style="list-style-type: none">• Statistics on balance sheets and flows of the MFI sector• General-government statistics• Securities statistics• Reporting by enterprises• Information from the Danish tax authorities on holiday residences
Methodologies	<p>The primary source for compilation of stock data for direct investments is reporting from a segment of Danish enterprises. Approximately 650 enterprises report on a monthly basis and approximately 450 report on an annual basis. Together the two groups represent a coverage of around 90 per cent. The coverage depends on type of investor and sector. The reported data is aggregated. Before 2004 the primary source for direct investments was a larger segment, but the data was not aggregated. The change of method has entailed an upward adjustment of both inward and outward investments of 5 per cent. The coverage of the other sources is close to 100 per cent, the data of which are not aggregated.</p> <p>The statistics are built up around the flow identity given by:</p> $\begin{aligned} & \text{stock, end of previous period} \\ & + \text{credit flows during the period} \\ & + \text{value adjustments, etc. during the period} \\ & = \text{stock, end of period} \end{aligned}$ <p>Stock data corresponds to the international investment position, cf. Danmarks Nationalbank's statistical publication Denmark's external assets and liabilities, and credit flow data corresponds to Balance of payments – Financial account. Please refer to Sources and Methodologies of the publications for more details.</p>

Value adjustments, etc. comprise not only changes in exchange rates and prices, but also other changes resulting from among other things reclassification between sectors or instruments. For example, a portfolio investment is reclassified as a direct investment when an investor increases the ownership from less than 10 per cent to more than 10 per cent of the equity capital in an enterprise. In Statistics on balance sheets and flows of the MFI sector and in most of the reporting by enterprises all the elements of the identity are reported. Thus the reported figures can be reconciled.

Definition of direct investment

In accordance with the definition in the IMF's Balance of Payments Manual from 1993 (BPM5) direct investments comprise shares and other forms of equity where an investor holds at least 10 per cent of the equity capital or voting power of an enterprise. Investments of this size are assumed to be made for the purpose of obtaining a long-term economic relationship between the investor and the enterprise as well as provide the investor a significant (but not necessarily controlling) influence on the management.

As from now Danish direct investments abroad and foreign direct investments in Denmark are also compiled on a gross basis. In the previous statistics on direct investment stocks of 1 October 2004 these investments were compiled on a net basis. This meant that investment of foreign enterprises into their Danish parent enterprises were calculated as divestments, and were thus deducted from direct investments abroad. In the same way investments of Danish enterprises into foreign parent enterprises were deducted from foreign investments in Denmark.

A direct investment, cf. the above definition, may be in the form of equity capital, etc. or intercompany loan, etc.

Equity, etc.

Holdings of equity, etc. consist of shares and other equity, whereas transfers of equity, etc. consist of transfers relating to shares and other equity as well as reinvested earnings. *Equity capital transfers* include setting up new enterprises, purchase/merger of existing enterprises or increase of equity in existing enterprises. *Reinvested earnings* comprise the part of an enterprise's profit that is not distributed. In these statistics the primary basis is actual annual account data.

- holiday residences

Private holiday residences are classified as equity. Data are as of end-2006 and based on information from the Danish tax authorities. Until end-2004 Danish residents' holiday residences abroad were estimated on the basis of the balance of payments statistics in which non-residents' holiday residences in Denmark, as well as those of residents who had moved abroad, were not registered. Data as of end-2005 and through 2006 are estimated on the basis of the Danish tax authorities' end-2006 data. Holiday residences are categorised under the industry code "Real estate non-commercial".

Intercompany debt, etc.

Intercompany debt, etc. comprises trade credits, intercompany loans and other accounts between group enterprises. Intercompany debt, etc. includes accounts between both direct and indirect group enterprises, e.g. sister enterprises. Branches are treated as wholly owned subsidiaries.

- banks' intercompany debt, etc.	For banks only equity capital transfers to subsidiaries and associates are included. Intercompany debt, etc. between banks in the same group are excluded, since they are considered to be ordinary banking activities.
Pass-through investments	<p>Pass-through investments are direct investments from abroad into a holding company in Denmark, which reinvests the capital abroad. The investments are also characterised by the holding company having no real-economic activity, e.g. employees or production, in Denmark (of significance) and normally owning no enterprises in Denmark.</p> <p>Tables 1-12 of the statistics are <i>exclusive</i> of pass-through investments, which are shown separately in Table 13. The financial account of the balance of payments and Denmark's external assets and liabilities shows direct investments <i>inclusive</i> of pass-through investments.</p>
Industrial classification	<p>The industrial classification is in accordance with the joint European nomenclature NACE Rev. 2, which is the basis for the Danish industrial classification of all economic activities, Dansk Branchekode 2007 (DB07). The implementation of NACE Rev. 2 is necessary because NACE Rev. 1 (DB03) no longer reflects the industry structures. The changes in the structures are so significant that it is not possible to compare the industry breakdown with the previous breakdown. The industry breakdown is based on the industry of the resident enterprise.</p> <p>In Table 5, however, the industry breakdown is in accordance with the joint European nomenclature NACE Rev. 1, which is the basis for the Danish industrial classification of all economic activities, Dansk Branchekode 2003 (DB03). In table 5 the industry breakdown of outward direct investments are based on the industry of the non-resident enterprise. For intercompany debt, however, the industry of the non-resident enterprise is assumed to be the same as the industry of the Danish enterprise granting the loan.</p>
- holding companies	Outward investments via Danish holding companies or inward investments in Danish holding companies are registered under the industries "Financial holding companies" and "Non-financial holding companies" and (in the tables registered under respectively "Financial intermediation" and "Business service, etc."). The objective of a holding company is typically to own shares in other Danish enterprises which usually do not belong to the group. This leads to an overrepresentation of investments in these industries.
Investment income	Investment income from direct investments is shown in Tables 11-12 and is broken down by (distributed on) dividend from equity, reinvested earnings and interest from intercompany debt, etc.
Revision	The statistics are revised according to "Danmarks Nationalbank's revision policy for financial statistics". Times of revision and revision periods for the individual statistics appear from "Danmarks Nationalbank's revision cycle for financial statistics". Both documents can be found on Danmarks Nationalbank's website under Statistics – Revision policy.

Explanation of symbols

Details may not add because of rounding-off.

- Category not applicable.

... Data not available. The symbol is also used when data cannot be published due to confidentiality.