

This metadata describes the compilation practices, sources and methodology in use in 2003. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Argentina:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Argentina

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

DIRECT INVESTMENT IN ARGENTINA

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Ministerio de Economía de la Nación (MECON) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. With the exception of the data on income on debt (interest), these data are disseminated with a timeliness of 3 months after the end of the reference period for the most timely data, and 18 months after the end of the reference period for the most comprehensive data, on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/> and in the quarterly publication *Estimaciones Trimestrales del Balance de Pagos y de Activos y Pasivos Externos de la República*. The data are also reported to the IMF for publication. The data on income on debt (interest) are not disseminated as direct investment income, but are instead classified under Other Investment income in the balance of payments statistics. (Prior to 2001, the data were disseminated as direct investment income, and there are plans to begin to resume this practice in the near future.)

Revision Practices

The data are preliminary when first released. The quarterly data for the current year are revised each quarter to take account of additional source data and are disseminated quarterly together with the preliminary data for the latest quarter. In addition, the quarterly data for the previous year are revised and released together with the international investment position data for the latest year, 6 months after the end of that year. At this time the quarterly data are considered to be final, that is, between 15 months and 24 months after their first release, depending on the quarter.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as data is available in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

With the exception of private non-business real estate investment, no major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components of the most timely data are compiled primarily from information obtained from the published company accounts of resident direct investment enterprises. Press reports are used as a secondary data source for all components, and information from (i) exchange control authorities, and (ii) quarterly enterprise surveys of resident enterprises, is used as additional data sources.

The data for all components of the most comprehensive data are compiled primarily from (i) annual enterprise surveys of resident direct investment enterprises, and (ii) information obtained from the published company accounts of resident direct investment enterprises. Press reports are used as a secondary data source for all

components, and information from (i) exchange control authorities, and (ii) quarterly enterprises surveys of resident enterprises, is used as additional data sources.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment transactions data. The register is maintained by MECON and is updated annually using information from (i) other statistical collection forms, (ii) registers maintained by the stock exchange authorities, and other departments within MECON, and (iii) the financial press. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual data showing breakdowns by country for the direct investment income and the direct investment financial flows data are compiled by MECON and disseminated once a year with a timeliness of 7 months after the end of the reference period on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/>. (There are plans to improve the timeliness from 7 months to 6 months with effect from 2004.) The data cover 8 countries and bilateral data are not used in the compilation of the data.

Both the debtor/creditor principle and the transactor principle are used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment income from investment in Argentina during 2002 (ranked in descending order) were: Spain, the United Kingdom, Chile, the United States, and France. The five countries with the largest amount of direct investment financial flows into Argentina during 2002 (ranked in descending order) were: the United Kingdom, Germany, Chile, the Netherlands, and Italy.

Data showing breakdowns by regions/economic zones are not compiled.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns disseminated in the national publications and the aggregate inward data on direct investment income and direct investment financial flows reported to the IMF for publication.

Industrial Classification

Annual data showing breakdowns by industrial activity for the direct investment income and the direct investment financial flows data are compiled by MECON and disseminated once a year with a timeliness of 7 months after the end of the reference period on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/>. The data show a breakdown for 15 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

Both the data on direct investment income and direct investment financial flows are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment income from investment in Argentina during 2002 (in descending order) were: (i) extraction of petroleum and gas, (ii) mining, except petroleum, (iii) chemicals and chemical products, (iv) paper, publishing and printing, and (v) textiles and apparel. The five industrial activities with the largest amount of direct investment financial flows into Argentina during 2002 (in descending order) were: (i) extraction of petroleum and gas, (ii) metal products, (iii) financial intermediation, (iv) chemicals and chemical products, and (v) mining (except petroleum).

Annual data showing breakdowns by (i) industrial activity and main partner country, and (ii) industrial activity and region/economic zone, are compiled by MECON for the direct investment income data and the direct investment financial flows data. However, these data are not disseminated and are not available on request.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing industrial activity breakdowns disseminated in the national publications and the aggregate inward data on direct investment income and direct investment financial flows reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Argentina

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Argentina is 10 percent ownership by a nonresident investor. In accordance with the international standards, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, and, in most instances, the data do not include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management. However, contrary to the international standards, a limited number of enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by participation in policy making, are also included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident direct investment enterprises, 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 fully applied. Specifically, (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Argentina are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, 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 fully used to calculate direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded. (Prior to 2002, write-offs and realized and unrealized exchange rate losses and gains were included in the data.)

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. In accordance with the international standards, some dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are declared payable. However, contrary to the international standards, most dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are payable (due for payments), rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related

enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) are not disseminated as direct investment income, but are instead classified under Other Investment income in the balance of payments statistics. (Prior to 2001, the data were disseminated as direct investment income, and there are plans to begin to resume this practice in the near future.) The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover interest on (i) bonds and money market instruments, and (ii) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on 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, (i) the data are recorded on an accrual basis, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not cover bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. Non-participating preference shares have not occurred to date.

Instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise, have not occurred to date.

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 Argentina and the direct investor is a nonresident, 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, in accordance with the international standards, equity transactions are recorded as "Direct Investment Abroad: Equity Capital: Increase in Claims on

Affiliated Enterprises”, and loan transactions are recorded as “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Argentina and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as “Direct Investment in Argentina: Equity Capital: Increase in Claims on Direct Investors”, and loan transactions are recorded as “Direct Investment in Argentina: Other Capital: Increase in Claims on Direct Investors”. However, because of confidentiality constraints, these data are not reported as such to the IMF, but are instead reported as decreases in “Direct Investment in Argentina: Equity Capital: Liabilities to Direct Investors” and “Direct Investment in Argentina: Other Capital: Liabilities to Direct Investors”, respectively.

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Argentina by nonresidents of (i) construction enterprises and (ii) mobile equipment, such as ships, aircraft, and drilling rigs. (Quasi-corporations corporations involving the operation in Argentina by nonresidents of mobile equipment cannot be identified from the present data sources.)

Treatment of Offshore Enterprises

In accordance with the international standards, the direct investment data include the activities of offshore enterprises established in Argentina by nonresidents. However, these activities are considered to be insignificant.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, in principle (i) activities of SPEs established in Argentina by nonresidents are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Argentina by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. Contrary to the international standards, transactions with affiliated banks and affiliated financial intermediaries involving permanent debt are also excluded. However, in practice, these activities are considered to be insignificant.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Argentina by nonresident enterprises. However, the coverage is considered to be only partial. Contrary to the international standards, the equity capital data do not include purchases and sales of land and buildings in Argentina by nonresident individuals. Instances of land and buildings purchased in Argentina by nonresident enterprises on long-term leases have not been identified to date.

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration in Argentina by nonresidents is included in the equity capital data, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Argentina by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate average exchange rate for the period. However, some transactions involving dividends and distributed branch profits, equity capital, and other capital, are converted to the unit of account at the exchange rate prevailing on the day of the transaction.

DIRECT INVESTMENT IN ARGENTINA

INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Ministerio de Economía de la Nación (MECON) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 6 months after the end of the reference period for the most timely data, and 18 months after the end of the reference period for the most comprehensive data, on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/> and in the annual publication *La Posición de Inversión de Argentina*. (Prior to 2002 the data were quarterly, with a timeliness of 3 months after the end of the reference period, and there are plans to begin to compile quarterly data again in the future.) The data are also reported to the IMF for publication.

Revision Practices

The annual data are preliminary when first released. The data for the previous two years are revised once a year to take account of the results of a more comprehensive survey and are disseminated together with the preliminary data for the latest year. At this time the data are considered to be final, that is, 24 months after their first release.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as data is available in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

With the exception of private non-business real estate investment, no major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components of the most timely data are compiled primarily from information obtained from the published company accounts of resident direct investment enterprises. Press reports are used as a secondary data source for all components, and quarterly enterprise surveys of resident enterprises are used as an additional data source.

The data for all components of the most comprehensive data are compiled primarily from (i) annual enterprise surveys of resident direct investment enterprises, and (ii) information obtained from the published company accounts of resident direct investment enterprises. Press reports are used as a secondary data source for all components, and quarterly enterprises surveys of resident enterprises are used as an additional data source.

The perpetual inventory method (a method for deriving position data from transactions data) is not used for the compilation of either the most timely or the most comprehensive data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by MECON and is updated annually using information from (i) other statistical collection forms, (ii) registers maintained by the stock exchange authorities, and other departments within MECON, and (iii) the financial press. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual data showing breakdowns by country for the inward direct investment position data are compiled by MECON and disseminated once a year with a timeliness of 7 months after the end of the reference period on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/>. (There are plans to improve the timeliness from 7 months to 6 months with effect from 2004.) The data cover 8 countries and bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled on an "immediate country" basis. (Data on the second level of ownership, which may or may not coincide with the "ultimate country" basis, are also compiled) and disseminated on the MECON website cited above. The five countries with the largest amount of direct investment in Argentina as at the end of 2002 (ranked in descending order) were: Spain, the United States, the Netherlands, France, and Chile.

Data showing breakdowns by regions/economic zones are not compiled.

There are no differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns disseminated in the national publications and the aggregate inward position data reported to the IMF for publication.

Industrial Classification

Annual data showing breakdowns by industrial activity for the inward direct investment position data are compiled by MECON and disseminated once a year with a timeliness of 7 months after the end of the reference period on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/>. The data show a breakdown for 15 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The inward position data are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment in Argentina as at the end of 2002 (in descending order) were: (i) extraction of petroleum and gas, (ii) metal products, (iii) financial intermediation, (iv) chemicals and chemical products, and (v) mining (except petroleum).

Data showing breakdown by (i) industrial activity and main partner country, and (ii) industrial activity and region/economic zone, are compiled by MECON for the inward position data. However, because of confidentiality constraints, these data are not disseminated and are not available on request.

There are no differences in the data coverage, sources, etc. between the inward position data showing industrial activity breakdowns disseminated in the national publications and the aggregate inward position data reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Argentina

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Argentina is 10 percent ownership by a nonresident investor. In accordance with the international standards, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, and, in most instances, the data do not include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management. However, contrary to

the international standards, a limited number of enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by participation in policy making, are also included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident direct investment enterprises, 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 fully applied. Specifically, the data include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Argentina are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The data on reinvested earnings cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (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 Argentina.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not cover bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. Non-participating preference shares have not occurred to date.

Instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise, have not occurred to date.

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 Argentina and the direct investor is a nonresident, 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, in accordance with the international standards, equity positions are recorded as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises", and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Argentina and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity positions are recorded as "Liabilities: Direct Investment in Argentina: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment in Argentina: Other Capital: Claims on Direct Investors". However, because of confidentiality constraints, these data are not reported as such to the IMF, but are instead reported as decreases in "Liabilities: Direct Investment in Argentina: Equity Capital: Liabilities to Direct Investors" and "Liabilities: Direct Investment in Argentina: Other Capital: Liabilities to Direct Investors", respectively.

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Argentina by nonresidents of (i) construction enterprises and (ii) mobile equipment, such as ships, aircraft, and drilling rigs. (Quasi-corporations corporations involving the operation in Argentina by nonresidents of mobile equipment cannot be identified from the present data sources.)

Treatment of Offshore Enterprises

In accordance with the international standards, the direct investment data include the activities of offshore enterprises established in Argentina by nonresidents. However, these activities are considered to be insignificant.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, in principle (i) activities of SPEs established in Argentina by nonresidents are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Argentina by nonresidents that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. Contrary to the international standards, positions with affiliated banks and affiliated financial intermediaries involving permanent debt are also excluded. However, in practice, these activities are considered to be insignificant.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Argentina by nonresident enterprises. However, the coverage is considered to be only partial. Contrary to the international standards, the equity capital data do not include ownership of land and buildings in Argentina by nonresident individuals. Instances of land and buildings owned in Argentina by nonresident enterprises on long-term leases have not been identified to date.

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration in Argentina by nonresidents is included in the equity capital data, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Argentina by nonresidents for natural resource exploration, an adjustment to reflect that shutdown is made to the liabilities data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for both the listed enterprises and the unlisted enterprises are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

The data on other capital are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises..

The book values used are those shown in the accounting records of the resident direct investment enterprises, rather than the nonresident direct investors.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.

DIRECT INVESTMENT ABROAD

BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Ministerio de Economía de la Nación (MECON) within the balance of payments framework on (a) two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) reinvested earnings, and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 3 months after the end of the reference period for the most timely data, and 18 months after the end of the reference period for the most comprehensive data, on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/> and in the quarterly publication *Estimaciones Trimestrales del Balance de Pagos y de Activos y Pasivos Externos de la República*. The data are also reported to the IMF for publication. Data on income on debt (interest) are not compiled.

Revision Practices

The data are preliminary when first released. The quarterly data for the current year are revised each quarter to take account of additional source data and are disseminated quarterly together with the preliminary data for the latest quarter. In addition, the quarterly data for the previous year are revised and released together with the international investment position data for the latest year, 6 months after the end of that year. At this time the quarterly data are considered to be final, that is, between 15 months and 24 months after their first release, depending on the quarter.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as data is available in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components of the most timely data are compiled primarily from information obtained from the published company accounts of resident direct investors. Press reports are used as a secondary data source for all components, and information from (i) quarterly enterprise surveys of resident direct investors, and (ii) bilateral sources, is used as additional data sources.

The data for all components of the most comprehensive data are compiled primarily from (i) annual enterprise surveys of resident direct investors, and (ii) information obtained from the published company accounts of resident direct investors. Press reports are used as a secondary data source for all components, and information from (i) quarterly enterprise surveys of resident direct investors, and (ii) bilateral sources, is used as additional data sources.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment transactions data. The register is maintained by MECON and is updated annually using information from (i) other statistical collection forms, (ii) registers maintained by the stock exchange authorities, and other departments within MECON, and (iii) the financial press. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

Geographic Classification

Annual data showing geographic breakdowns for the direct investment income and the direct investment financial flows data are compiled by MECON with a timeliness of 3 months after the end of the reference period. However, because of coverage issues and confidentiality constraints, these data are not disseminated and are not available on request. The data compiled cover 30 countries. Bilateral data are not used in the compilation of the data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data for both the direct investment income and for the direct investment financial flows data.

Data showing breakdowns by regions/economic zones are not compiled.

Industrial Classification

Quarterly data showing industrial activity breakdowns for the direct investment income and the direct investment financial flows data are compiled by MECON with a timeliness of 3 months after the end of the reference period. However, because coverage issues and of confidentiality constraints, these data are not disseminated and are not available on request. The data compiled cover 13 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data are classified on the basis of the industrial activity of the nonresident direct investment enterprises.

Quarterly data showing breakdowns by industrial activity and main partner country are compiled for the direct investment income and the direct investment financial flows data are compiled by MECON with a timeliness of 3 months after the end of the reference period. However, because coverage issues and of confidentiality constraints, these data are not disseminated and are not available on request.

Data showing breakdowns by industrial activity and region/economic zone, are not compiled.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad. In accordance with the international standards, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management, as evidenced by participating in policy making, are also included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, 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 fully applied. Specifically, (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Argentina are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, (i) write-offs are not included, (ii) interest receivable/payable is included, and (iii) debt repayments receivable/payable are excluded. Contrary to the COPC, (i) deductions are not made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, and realized and unrealized exchange rate gains and losses are included. However, in some instances, when the information is available, in accordance with the international standards, (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 are not included.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. In accordance with the international standards, some dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are declared payable. However, contrary to the international standards, most dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are payable (due for payments), rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

Not applicable. Data on income on debt (interest) are not compiled.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the

data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not cover bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. Non-participating preference shares have not occurred to date.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, have not occurred to date.

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 Argentina and the direct investor is a nonresident, 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, in accordance with the international standards, equity transactions are recorded as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan transactions are recorded as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Argentina and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as "Direct Investment in Argentina: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment in Argentina: Other Capital: Increase in Claims on Direct Investors". However, because of confidentiality constraints, these data are not reported as such to the IMF, but are instead reported as decreases in "Direct Investment in Argentina: Equity Capital: Liabilities to Direct Investors" and "Direct Investment in Argentina: Other Capital: Liabilities to Direct Investors", respectively.

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Argentina of (i) construction enterprises and (ii) mobile equipment, such as ships, aircraft, and drilling rigs. (Quasi-corporations corporations involving the operation abroad by residents of Argentina of mobile equipment cannot be identified from the present data sources.)

Treatment of Offshore Enterprises

In accordance with the international standards, the direct investment data include the activities of offshore enterprises established abroad by residents of Argentina. However, these activities are considered to be insignificant.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established abroad by residents of Argentina are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established abroad by residents of Argentina that have the primary purpose of financial intermediation, (i) transactions with affiliated banks and affiliated financial intermediaries, except those involving equity capital, are not excluded from the data, and (ii) transactions with affiliated banks and affiliated financial intermediaries involving permanent debt are excluded. However, in practice, these activities are considered to be insignificant.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings abroad by enterprises and individuals resident in Argentina. Land and buildings purchased abroad by enterprises and individuals resident in Argentina on long-term leases are not included.

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad by residents of Argentina is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Argentina to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Argentina for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate average exchange rate for the period. However, some transactions involving dividends and distributed branch profits, equity capital, and other capital, are converted to the unit of account at the exchange rate prevailing on the day of the transaction.

DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Ministerio de Economía de la Nación (MECON) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 18 months after the end of the reference period on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/> and in the annual publication *La Posición de Inversión de Argentina*. The data are also reported to the IMF for publication.

In addition, quarterly data are compiled by the Ministerio de Economía de la Nación (MECON) showing total direct investment abroad and are disseminated with a timeliness of 3 months after the end of the reference period on the following MECON website <http://www.mecon.gov.ar/cuentas/internacionales/>.

Revision Practices

The annual data are preliminary when first released. The data for the previous two years are revised once a year to take account of the results of a more comprehensive survey and are disseminated together with the preliminary data for the latest year. At this time the data are considered to be final, that is, 24 months after their first release.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as data is available in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components of the most timely data are compiled primarily from information obtained from the published company accounts of resident direct investors. Press reports are used as a secondary data source for all components, and information from (i) quarterly enterprise surveys of resident direct investors, and (ii) bilateral sources, is used as additional data sources.

The data for all components of the most comprehensive data are compiled primarily from (i) annual enterprise surveys of resident direct investors, and (ii) information obtained from the published company accounts of resident direct investors. Press reports are used as a secondary data source for all components, and information from (i) quarterly enterprise surveys of resident direct investors, and (ii) bilateral sources, is used as additional data sources.

The perpetual inventory method (a method for deriving position data from transactions data) is used for the compilation of the most timely outward position data. No adjustments are made for price changes, exchange rate changes, or other nontransaction changes.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment position data. The register is maintained by MECON and is updated annually using information from (i) other statistical collection forms, (ii) registers maintained by the stock exchange authorities, and other departments within MECON, and (iii) the financial press. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

Geographic Classification

Quarterly data showing geographic breakdowns for the outward position data are compiled by MECON with a timeliness of 3 months after the end of the reference period. However, because of coverage issues and confidentiality constraints, these data are not disseminated and are not available on request. The data compiled cover 30 countries. Bilateral data are not used in the compilation of the data.

In accordance with the international standards, the immediate country is used as the basis for the geographic allocation of the data.

Data showing breakdowns by regions/economic zones are not compiled.

Industrial Classification

Quarterly data showing industrial activity breakdowns for the outward direct investment position are compiled by MECON with a timeliness of 3 months after the end of the reference period. However, because of coverage issues and confidentiality constraints, these data are not disseminated and are not available on request. The data compiled cover 13 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data are classified on the basis of the industrial activity of the nonresident direct investment enterprises.

Quarterly data showing breakdowns by industrial activity and main partner country for the outward direct investment position are compiled by MECON with a timeliness of 3 months after the end of the reference period. However, because of coverage issues and confidentiality constraints, these data are not disseminated and are not available on request.

Data showing industrial activity and region/economic zone are not compiled.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad. In accordance with the international standards, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management, as evidenced by participating in policy making, are also included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, 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 fully applied. Specifically, the data include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Argentina are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The data on reinvested earnings cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not cover bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. Non-participating preference shares have not occurred to date.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, have not occurred to date.

Treatment of 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 Argentina and the direct investor is a nonresident, 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, in accordance with the international standards, equity positions are recorded as “Assets: Direct Investment Abroad: Equity Capital: Claims on

Affiliated Enterprises”, and loan positions are recorded as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Argentina and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity positions are recorded as “Liabilities: Direct Investment in Argentina: Equity Capital: Claims on Direct Investors”, and loan positions are recorded as “Liabilities: Direct Investment in Argentina: Other Capital: Claims on Direct Investors”. However, because of confidentiality constraints, these data are not reported as such to the IMF, but are instead reported as decreases in “Liabilities: Direct Investment in Argentina: Equity Capital: Liabilities to Direct Investors” and “Liabilities: Direct Investment in Argentina: Other Capital: Liabilities to Direct Investors”, respectively.

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Argentina of (i) construction enterprises and (ii) mobile equipment, such as ships, aircraft, and drilling rigs. (Quasi-corporations corporations involving the operation abroad by residents of Argentina of mobile equipment cannot be identified from the present data sources.)

Treatment of Offshore Enterprises

In accordance with the international standards, the direct investment data include the activities of offshore enterprises established abroad by residents of Argentina. However, these activities are considered to be insignificant.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established abroad by residents of Argentina are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established abroad by residents of Argentina that have the primary purpose of financial intermediation, (i) positions with affiliated banks and affiliated financial intermediaries, except those involving equity capital, are not excluded from the data, and (ii) positions with affiliated banks and affiliated financial intermediaries involving permanent debt are excluded. However, in practice, these activities are considered to be insignificant.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises and individuals resident in Argentina. Land and buildings owned abroad by enterprises and individuals resident in Argentina on long-term leases are not included.

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad by residents of Argentina is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Argentina to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Argentina for natural resource exploration, an adjustment to reflect that shutdown is made to the assets data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for both the listed enterprises and the unlisted enterprises are recorded at book values, which are the values shown in the accounting records of the individual reporting entities.

The data on other capital are recorded at book values, which are the values shown in the accounting records of the individual reporting entities.

The book values used are those shown in the accounting records of the resident direct investors, rather than the nonresident direct investment enterprises.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.