

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.

Guatemala:

Direct Investment Compilation Practices, Data Sources and Methodology

Mr. David René Samayoa Gordillo
Chief
Balance of Payments Section
Department of Economic Studies
Banco de Guatemala
7a Avenida 22-10
Zone 1, Guatemala City
Guatemala

Telephone: (502) 485-6000, extension 3251
Fax: (502) 238-1049
E-mail: drsg@banguat.gob.gt

Direct Investment in Guatemala

- **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 GUATEMALA

BALANCE OF PAYMENTS ("INWARD TRANSACTIONS") DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Banco de Guatemala (BG) 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. These data are disseminated with a timeliness of 3 months after the end of the reference period in the BG publication *Estudio de la Economía Nacional*. The data are also reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The data for the previous quarter are revised each quarter to take account of revised source data and are disseminated quarterly together with the preliminary data for the latest quarter. At this time the data are considered to be final, that is, 3 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 back as far as the beginning of the previous calendar year 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 individual transactions basis (an international transactions reporting system [ITRS]). The reporting requirements are compulsory.

Data Sources

The data for all components except reinvested earnings are compiled primarily from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, but not (i) cash transactions made through the foreign bank accounts of enterprises, or (ii) noncash transactions. Information from investment approval authorities, which cover investment approvals, rather than investments actually made, are used as secondary data sources for all components except reinvested earnings. The data on reinvested earnings are estimates. Press reports are used as an additional data source for all components. There are plans to begin to conduct surveys of resident direct investment enterprises in 2005.

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 the BG and is updated on an annual basis using information from (i) the international trade system's list of exporters and importers, (ii) the ITRS's list of transactors, and (iii) registers maintained by government licensing and regulatory authorities. There are plans to begin to use information obtained from direct investment surveys scheduled to begin to be conducted in 2004 to update the register in the future.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled at present. However, there are plans to begin to do so in the future.

Industrial Classification

Not applicable. Data showing industrial breakdowns are not compiled at present.

B. Methodology

Definition of Direct Investment Enterprises in Guatemala

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Guatemala is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country, rather than being based on the ownership of each individual nonresident investor or group of related nonresident investors. 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 not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not 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 Guatemala are not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings

The method used to calculate earnings of direct investment enterprises cannot be identified from the present data sources. Specifically, information is not available to determine whether, in accordance with the “Current Operating Performance Concept” (COPC), (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 (iii) debt repayments receivable/payable are excluded.

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) 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 other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are paid, rather than the date they are declared payable, and (ii) dividends and distributed branch profits are recorded net, rather than gross, of any withholding taxes.

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, 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. Contrary to the international standards, when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

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, (iii) bonds and money market instruments, and (iv) trade credits. The data do not cover interest on financial leases. In accordance with the international standards, the data do not include interest on financial derivatives. 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, (i) the data are recorded on a paid basis, rather than an accrual basis, and (ii) the data do not exclude interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries.

Treatment of Equity Capital

The equity capital transactions data cover (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares). The data do not cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares), primarily because of the undeveloped nature of the stock market in Guatemala and the limited coverage of the present data sources, and (iii) 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 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 equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (ii) changes in insurance company technical reserves. 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, (i) the data do not exclude financial derivatives, (ii) the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries, and (iii) the data do not exclude 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.

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 cannot be identified from the present data sources.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Guatemala 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, contrary to the international standards, equity transactions are recorded as "Direct Investment in Guatemala: Equity Capital: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan transactions are recorded as "Direct Investment in Guatemala: Other Capital: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Guatemala and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Guatemala: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Other Investment: Increase in Assets: Loans", rather than as "Direct Investment in Guatemala: Other Capital: Increase in Claims on Direct Investors".

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 Guatemala by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from present data sources.

Treatment of Offshore Enterprises

Contrary to the international standards, activities of offshore enterprises established in Guatemala by nonresidents are not included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established in Guatemala by nonresidents at present.

Treatment of Land and Buildings

Contrary to the international standards, the equity capital data do not include purchases and sales of land and buildings in Guatemala by nonresident enterprises and nonresident individuals, as these transactions cannot be identified from present data sources.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Guatemala by nonresidents is not included in the equity capital data, and (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established in Guatemala by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

All transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction.

DIRECT INVESTMENT IN GUATEMALA
INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

Not applicable. Position data on direct investment in Guatemala are not compiled at present.

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 Banco de Guatemala (BG) 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) income on debt (interest). These data are disseminated with a timeliness of 3 months after the end of the reference period in the BG publication *Estudio de la Economía Nacional*. The data are also reported to the IMF for publication. Data on the third component of direct investment income, namely reinvested earnings, and the components of direct investment financial flows: (i) equity capital, and (ii) other capital, are compiled by the BG but are not disseminated and are not reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The data for the previous quarter are revised each quarter to take account of revised source data and are disseminated quarterly together with the preliminary data for the latest quarter. At this time the data are considered to be final, that is, 3 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 back as far as the beginning of the previous calendar year 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 using a mixture of an individual transactions basis (foreign exchange transactions) and an aggregate basis (company accounts). The reporting requirements are compulsory.

Data Sources

The data for all components except reinvested earnings are compiled primarily from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, but not cash transactions made through the foreign bank accounts of enterprises, or noncash transactions. The data on reinvested earnings are estimates. Information from the exchange control authorities, which cover only the transactions in the domestic banking system are used as secondary data sources for all components. Press reports are used as an additional data source for all components.

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 not used to compile the outward direct investment transactions data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled at present.

Industrial Classification

Not applicable. Data showing industrial breakdowns are not compiled at present.

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, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad, rather than being based on the ownership of each individual resident investor or group of related resident investors. 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 not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not 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 Guatemala are not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings

The method used to calculate earnings of resident direct investors cannot be clearly identified from the present data sources. Specifically, information is not available to determine whether, in accordance with the “Current Operating Performance Concept” (COPC), (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 (iii) debt repayments receivable/payable are excluded.

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) 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 other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are paid, rather than the date they are declared payable, and (ii) dividends and distributed branch profits are recorded net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits

Data on reinvested earnings and undistributed branch profits are compiled but not disseminated. 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, 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. Contrary to the international standards, when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

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, (iii) bonds and money market instruments, and (iv) trade credits. The data do not cover interest on financial leases. In accordance with the international standards, the data do not include interest on financial derivatives. 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 are recorded on a paid basis, rather than an accrual basis, and (ii) the data include interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries.

Treatment of Equity Capital

Data on equity capital are compiled but not disseminated. The equity capital transactions data cover (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares). The data do not cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), and (iii) noncash acquisitions of equity, such as through the provision of capital equipment., primarily because of the limited coverage of the present data sources. In accordance with the international standards, (i) 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 (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 equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital

Data on equity capital are compiled but not disseminated. The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (ii) changes in insurance company technical reserves. 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, (i) the data do not exclude financial derivatives, (ii) the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries, (iii) the data include 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.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise cannot be identified from present data sources.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Guatemala 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, contrary to the international standards, equity transactions are recorded as "Direct Investment in Guatemala: Equity Capital: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan transactions are recorded as "Direct Investment in Guatemala: Other Capital: Increase in Claims on Direct Investors", rather than as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Guatemala and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Guatemala: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Other Investment: Increase in Assets: Loans", rather than as "Direct Investment in Guatemala: Other Capital: Increase in Claims on Direct Investors".

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 Guatemala of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from present data sources.

Treatment of Offshore Enterprises

Contrary to the international standards, activities of offshore enterprises established abroad by residents of Guatemala are not included in the direct investment data, as these activities cannot be identified from present data sources.

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established abroad by residents of Guatemala at present.

Treatment of Land and Buildings

Contrary to the international standards, the equity capital data do not include purchases and sales of land and buildings abroad by enterprises and individuals resident in Guatemala, as these transactions cannot be identified from present data sources.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Guatemala is not included in the equity capital data, and (ii) expenditure on bonus payments made by residents of Guatemala to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established abroad by residents of Guatemala for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

All transactions 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”)

Not applicable. Position data on direct investment abroad are not compiled at present.