

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.

Mexico:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Mexico

- **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 MEXICO

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data (the most timely) are compiled jointly by the Banco de Mexico (BM) and the Ministry of Economy (ME) 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 8 weeks after the end of the reference period in the *Statistical Report on the Behavior of Foreign Direct Investment in Mexico*, published by the ME, and available on the ME website <http://www.economia.gob.mx>, and are also disseminated on the BM website <http://www.banxico.org.mx>. The quarterly data are also reported to the IMF for publication and to the OECD (annual rather than quarterly). Quarterly data on income on debt (interest) are not compiled.

More comprehensive annual (calendar year) data are compiled jointly by the BM and the ME 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 12 months after the end of the reference period in the ME publication *Statistical Report on the Behaviour of Foreign Direct Investment in Mexico*, available on the ME website cited above, and are also disseminated on the BM website cited above. The data are also reported to the IMF and the OECD for publication.

Revision Practices

The data are preliminary when first released. The quarterly data for the previous 24 quarters (6 years) are revised each quarter to take account of revised source data or new information. The revised quarterly data are disseminated quarterly together with the preliminary data for the latest quarter. At this time the data are generally considered to be final, that is 72 months after their first release. However, the data can continue to be subject to revision in the event that new information becomes available. The annual data for the previous 6 years are revised annually to take account of revised source data or new information and are disseminated annually together with the preliminary data for the latest year. At this time the data are generally considered to be final, that is 6 years after their first release. However, the data can continue to be subject to revision in the event that new information becomes available.

The revised status of the data is not clearly identified in the disseminated data and the general public are not informed of the reasons for the revisions. The historical data are not revised 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 and the OECD 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 and the OECD 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 quarterly data (the most timely) are compiled from a quarterly enterprise survey of resident enterprises. This survey covers enterprises with transactions of over 10,000 USD. The data for all components of the more comprehensive annual data are compiled from an annual enterprise survey of resident enterprises, which covers all firms regardless of the size of their transactions. Information from the Registro Nacional de Inversiones Extranjeras (R.N.I.E.), which is based on investments actually made, is used as a secondary data source for the data on equity capital.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and the OECD 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 ME and is updated on an ongoing basis using information from compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, but no register is used for the outward direct investment transactions and position data.

Geographic Classification

Quarterly data showing breakdowns by country for the direct investment financial flows data are compiled by the ME and are disseminated quarterly with a timeliness of 8 weeks after the end of the reference period on the ME website <http://www.economia.gob.mx>. The data showing country breakdowns for the direct investment financial flows are also reported to the OECD. The data cover 33 countries and bilateral data are not used in the compilation of the data. Data showing breakdowns by country for the direct investment income data are not compiled.

The debtor/creditor principle is used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment financial flows into Mexico during 2003 (ranked in descending order) were: the United States, Spain, the United Kingdom, the Netherlands, and Switzerland.

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 reported to the OECD, and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

Industrial Classification

Quarterly data showing breakdowns by industrial activity for the direct investment financial flows data are compiled jointly by the BM and the ME and are disseminated quarterly with a timeliness of 8 weeks after the end of the reference period on the ME website <http://www.economia.gob.mx> and on the BM website <http://www.banixco.org.mx>. The data showing industrial activity breakdowns for the direct investment financial flows are also reported to the OECD. The data show a breakdown for 9 industrial activities. The classification used is the Mexican Economic Classification of Activities and Products (CEMAP), which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by industrial activity for the direct investment income data are not compiled.

The data on 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 financial flows into Mexico during 2003 (in descending order) were: (i) manufacturing, (ii) financial intermediation, (iii) transport and communications, (iv) trade and construction, and (v) other services.

Quarterly data are compiled jointly by the BM and the ME for the direct investment financial flows data showing a breakdown by both industrial activity and main partner country, and are disseminated quarterly with a timeliness of 8 weeks after the end of the reference period on the ME and BM websites cited above. The data are also reported to the OECD. The five highest ranking partner countries during 2003 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: the United States, Spain, the United Kingdom, the Netherlands, and Switzerland.

Data showing a breakdown by both industrial activity and main partner country are not compiled for the direct investment income data.

Data showing a breakdown by both industrial activity and region/economic zone are not compiled.

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 reported to the OECD, and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Mexico

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Mexico 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. Contrary to the international standards, the data include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by one or more of the following, (i) representation on the Board of Directors, (ii) participation in policy making, (iii) material intercompany transactions, (iv) interchange of managerial personnel, and (v) provision of technical information. 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 partially applied. Specifically, (i) the direct investment earnings data include the relevant share of most, but not all, indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include most, but not 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. (The data include only the transactions of majority-owned indirectly-owned enterprises.)

Enterprises in Mexico, with the exception of public enterprises, 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. However, all direct investment enterprises resident in Mexico are required by law to 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 (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. 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, (ii) dividends and distributed branch profits are recorded net, rather than gross, of any withholding taxes, and (iii) the data do not include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for

a group of related enterprises, In accordance with the international standards, there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, (i) the reinvested earnings and undistributed branch profits are not recorded in the period in which they are earned, but in the following period, (ii) when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings, but instead as “disinvestment arising from losses” in the financial flows data, and (iii) the data do not 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. In accordance with the international standards, there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

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, and (iii) trade credits. The data do not include interest on (i) bonds and money market instruments, and (ii) financial leases. In accordance with the international standards, the data do not include interest on (i) financial derivatives, and (ii) deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. Contrary to the international standards, (i) the data are recorded on a paid basis, rather than on an accrual basis, and (ii) the data do not include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises. In accordance with the international standards, 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, and (iv) noncash acquisitions of equity, such as through the provision of capital equipment. The data do not cover other non-voting stocks (shares). 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. Contrary to the international standards, the data include non-participating preference shares, which are classified as equity capital, rather than as other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover (i) bonds and money market instruments, and (ii) financial leases. 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) 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, (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) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent interest.) Contrary to the international standards, the data do not include non-participating preference shares, which are instead classified as equity capital.

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 not treated in accordance with the international standards in most instances.

Assuming that the direct investment enterprise is a resident of Mexico 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". Contrary to the international standards, loan transactions are recorded as "Other Investment: Increase in Assets: Loans", rather than as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Mexico 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 Mexico: 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 Mexico: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation of construction enterprises in Mexico by nonresidents. Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Mexico by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established in Mexico by nonresidents are included in the direct investment financial flows data. Contrary to the international standards, activities of offshore enterprises established in Mexico by nonresidents are not included in the direct investment income data, because these activities cannot be identified from the present data sources.

Treatment of Special Purpose Entities (SPEs)

Contrary to the international standards, (i) activities of SPEs established in Mexico by nonresidents are not included in the direct investment data, as these activities cannot be identified from the present data sources, and (ii) in the case of SPEs established in Mexico by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt, as these transactions cannot be identified from the present data sources.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Mexico by nonresident enterprises and nonresident individuals. However, the data cover only those instances when (i) the individuals habitually undertake commercial activities in Mexico, and (ii) the land or building is located on the strip to Mexican territory within one hundred kilometers from the border, or within 50 kilometers from the coastline. Land and buildings purchased in Mexico by nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as being leases with a duration of longer than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration in Mexico by nonresidents is included in the equity capital data. Expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources are not applicable as such bonus payments do not exist in Mexico. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established in Mexico 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 average exchange rate for the period.

DIRECT INVESTMENT IN MEXICO

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 Banco de Mexico (BM) and the Ministry of Economy (ME) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, with a timeliness of 12 months after the end of the reference period. The data are not disseminated in the national publications, but are available on request. The data are reported to the IMF for publication and to the OECD.

Revision Practices

The data are preliminary when first released. The data for the previous year are revised annually to take account of revised source data or new information and are made available annually together with the preliminary data for the latest year. At this time the data are generally considered to be final, that is 12 months after their first release. However, the data can continue to be subject to revision in the event that new information becomes available.

The revised status of the data is not clearly identified in the data made available on request, and the general public are not informed of the reasons for the revisions. The historical data are not revised in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data made available on request and those reported to the IMF and the OECD 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 made available on request and those reported to the IMF and the OECD 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 are compiled from annual enterprise surveys of resident enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used to compile the data.

There are no differences in the data sources between the data made available on request and those reported to the IMF and the OECD 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 the ME and is updated on an ongoing basis using information from compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, but no register is used for 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 the BM and the ME, with a timeliness of 12 months after the end of the reference period. The data are not disseminated, but are available on request. The data showing country breakdowns for the inward direct

investment position data are also reported to the OECD. The data cover 33 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. The five countries with the largest amount of direct investment in Mexico as at the end of 2003 (ranked in descending order) were: the United States, Spain, the United Kingdom, the Netherlands, and Switzerland.

Data showing breakdowns by regions/economic zones are not compiled for the inward direct investment position data.

There are no differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns made available on request and reported to the OECD, 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 the BM and the ME with a timeliness of 12 months after the end of the reference period. The data are not disseminated, but are available on request. The data showing industrial activity breakdowns for the inward direct investment position data are also reported to the OECD. The data show a breakdown for 9 industrial activities. The classification used is the Mexican Economic Classification of Activities and Products (CEMAP), which 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 Mexico as at the end of 2003 (in descending order) were: (i) manufacturing, (ii) financial intermediation, (iii) transport and communications, (iv) trade and construction, and (v) other services.

Annual data are compiled by the BM and the ME for the inward direct investment position data showing a breakdown by both industrial activity and main partner country, with a timeliness of 12 months after the end of the reference period. The data are not disseminated, but are available on request. The data are also reported to the OECD. The five highest ranking partner countries as at the end of 2003 (ranked in descending order) for which breakdowns by industrial activity are available on request were: the United States, Spain, the United Kingdom, the Netherlands, and Switzerland.

Data showing a breakdown by both industrial activity and region/economic zone are not compiled.

There are no differences in the data coverage, sources, etc. between the inward position data showing industrial activity breakdowns made available on request and reported to the OECD, and the aggregate inward position data reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Mexico

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Mexico 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. Contrary to the international standards, the data include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by one or more of the following, (i) representation on the Board of Directors, (ii) participation in policy making, (iii) material intercompany transactions, (iv) interchange of managerial personnel, and (v) provision of technical information. 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 partially applied. Specifically, the data include (i) the relevant share of the reinvested earnings of most, but not all, of the indirectly-owned direct investment enterprises, and (ii) most, but not 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. (The data include only the positions of majority-owned indirectly-owned enterprises.)

Enterprises in Mexico, with the exception of public enterprises, 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. However, all direct investment enterprises resident in Mexico are required by law to 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, and (iv) noncash acquisitions of equity, such as through the provision of capital equipment. The data do not include other non-voting stocks (shares). 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. Contrary to the international standards, the data include non-participating preference shares, which are classified as equity capital, rather than as other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, (i) the reinvested earnings are not recorded in the period in which they are earned, but in the following period, (ii) when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings, but instead as “disinvestment arising from losses” in the financial flows data, and (iii) the data do not 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. In accordance with the international standards, there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. (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 Mexico.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover (i) bonds and money market instruments, and (ii) financial leases. 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, (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, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent interest.) Contrary to the international standards, the data do not include non-participating preference shares, which are instead classified as equity capital.

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 not treated in accordance with the international standards in most instances.

Assuming that the direct investment enterprise is a resident of Mexico 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”. Contrary to the international standards, loan positions are recorded as “Assets: Other Investment: Loans”, rather than as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Mexico 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 positions are recorded as “Assets: Portfolio Investment: Equity Securities”, rather than as “Liabilities: Direct Investment in Mexico: Equity Capital: Claims on Direct Investors”, and loan positions are recorded as “Assets: Other Investment: Loans”, rather than as “Liabilities: Direct Investment in Mexico: Other Capital: Claims on Direct Investors”.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation of construction enterprises in Mexico by nonresidents. Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Mexico by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

Contrary to the international standards, (i) activities of SPEs established in Mexico by nonresidents are not included in the direct investment data, as these activities cannot be identified from the present data sources, and (ii) in the case of SPEs established in Mexico by nonresidents that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt, as these positions cannot be identified from the present data sources.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Mexico by nonresident enterprises and nonresident individuals. However, the data cover only those instances when (i) the individuals habitually undertake commercial activities in Mexico, and (ii) the land or building is located on the strip to Mexican territory within one hundred kilometers from the border, or within 50 kilometers from the coastline. Land and buildings owned in Mexico by nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as being leases with a duration of longer than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration in Mexico by nonresidents is included in the equity capital data. Expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources are not applicable as such bonus payments do not exist in Mexico. Contrary to the international standards, in instances of the shutdown of a direct investment enterprise established in Mexico by nonresidents for natural resource exploration, an adjustment to

reflect that shutdown is not made to the liabilities data on direct investment equity capital in the international investment position statistics, as this information is not available from the present data sources

Valuation of Assets and Liabilities

The data on equity capital for both listed enterprises and unlisted enterprises, which is the annually adjusted price.

The data on other capital are recorded at book values, which are current book values, namely, updated values that reflect the effect of inflation, as stated by the Generally Accepted Principles of Accounting.

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, that is, the exchange rate prevailing at the end of the calendar year.

DIRECT INVESTMENT ABROAD

BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data (the most timely) are compiled by the Banco de Mexico (BM) 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. (Prior to 2002, outward transactions data were not compiled.) These data are disseminated with a timeliness of 8 weeks after the end of the reference period in the *System of Economic Information*, published by the BM (SIE-BANXICO), and available on the BM website <http://www.banixco.org.mx>. The quarterly data are also reported to the IMF for publication, and to the OECD (annual rather than quarterly). Data on income on debt (interest) are not compiled.

Annual (calendar year) data (the sum of the quarterly data for the relevant period) are compiled by the BM within the balance of payments framework for the components listed above. These data are disseminated with a timeliness of 12 months after the end of the reference period in the *System of Economic Information*, published by the BE (SIE-BANXICO), and available on the BM website <http://www.banixco.org.mx>. The data are also reported to the IMF and OECD for publication.

Revision Practices

The data are preliminary when first released. The quarterly data for the previous 8 quarters (2 years) are revised each quarter to take account of revised source data or new information. The revised data are disseminated quarterly together with the preliminary data for the latest quarter. As the data only recently began to be compiled, the policy on when the data will become final has not yet been defined.

The revised status of the data is not clearly identified in the disseminated data and the general public are not informed of the reasons for the revisions. Revision of the historical data in instances of major changes in methodology or data collection systems is not relevant at this time as there have been no instances of such changes to date..

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

Data Collection Method

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

Data Sources

The data for all components are compiled from quarterly enterprise surveys of direct investors resident in Mexico.

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

No business register of enterprises involved in direct investment is used to compile the outward direct investment transactions data.

Geographic Classification

Not applicable. Data showing breakdowns by country are not compiled at this time, because the information is not always provided by survey respondents.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled at this time, because the information is not always provided by survey respondents..

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, the data include enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management, as evidenced by one or more of the following, (i) representation on the Board of Directors, (ii) participation in policy making, (iii) material intercompany transactions, (iv) interchange of managerial personnel, and (v) provision of technical information. 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, because of insufficient information. 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 Mexico, with the exception of public enterprises, 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

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 (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. 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, (ii) dividends and distributed branch profits are recorded net, rather than gross, of any withholding taxes, and (iii) the data do not include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises,. In accordance with the international standards, there are no differences between

the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, (i) the reinvested earnings and undistributed branch profits are not recorded in the period in which they are earned, but in the following period, (ii) when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings, and (iii) the data do not 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. In accordance with the international standards, there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

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), and (iii) participating preference [preferred] shares. The data do not include (i) other non-voting stocks (shares), and (ii) 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. Contrary to the international standards, the data include non-participating preference shares, which are classified as equity capital, rather than as other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover (i) bonds and money market instruments, and (ii) financial leases. 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, (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, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent interest.) Contrary to the international standards, the data do not include non-participating preference shares, which are instead classified as equity capital.

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 not treated in accordance with the international standards in most instances.

Assuming that the direct investment enterprise is a resident of Mexico 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”. Contrary to the international standards, loan transactions are recorded as “Other Investment: Increase in Assets: Loans”, rather than as “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Mexico 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 Mexico: 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 Mexico: Other Capital: Increase in Claims on Direct Investors”.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation of construction enterprises abroad by residents of Mexico. Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Mexico of mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established abroad by residents of Mexico at present.

Treatment of Special Purpose Entities (SPEs)

Contrary to the international standards, (i) activities of SPEs established abroad by residents of Mexico are not included in the direct investment data, as these activities cannot be identified from the present data sources, and (ii) in the case of SPEs established abroad by residents of Mexico that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt, as these transactions cannot be identified from the present data sources.

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 Mexico. Land and buildings purchased abroad by enterprises and individuals resident in Mexico on long-term leases are not included.

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration abroad by residents of Mexico is included in the equity capital data. Contrary to the international standards, expenditure on bonus payments made by residents of Mexico 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 Mexico 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 average exchange rate for the period.

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 Banco de Mexico (BM) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, with a timeliness of 12 months after the end of the reference period. The data are not disseminated in the national publications, but are available on request. The data are reported to the IMF for publication and to the OECD.

Revision Practices

The data are preliminary when first released. The data for the previous year are revised annually to take account of revised source data or new information and are made available on request annually together with the preliminary data for the latest year. At this time the data are generally considered to be final, that is 12 months after their first release. However, the data can continue to be subject to revision in the event that new information becomes available.

The revised status of the data is not clearly identified in the data made available on request and the general public are not informed of the reasons for the revisions. The historical data are not revised in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data made available on request and those reported to the IMF and the OECD 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 made available on request and those reported to the IMF and the OECD for publication.

Data Collection Method

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

Data Sources

The data for all components are compiled from quarterly enterprise surveys of direct investors resident in Mexico.

There are no differences in the data sources between the data made available on request and those reported to the IMF and the OECD for publication.

No business register of enterprises involved in direct investment is used to compile the outward direct investment position data.

Geographic Classification

Not applicable. Data showing breakdowns by country are not compiled at this time, because the information is not always provided by survey respondents.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled at this time, because the information is not always provided by survey respondents.

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, the data include enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management, as evidenced by one or more of the following, (i) representation on the Board of Directors, (ii) participation in policy making, (iii) material intercompany transactions, (iv) interchange of managerial personnel, and (v) provision of technical information. 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, because of insufficient information. Specifically, the data do not 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 Mexico, with the exception of public enterprises, 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.

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 and (iv) noncash acquisitions of equity, such as through the provision of capital equipment. The data do not include other non-voting stocks (shares). 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. Contrary to the international standards, the data include non-participating preference shares, which are classified as equity capital, rather than as other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, (i) the reinvested earnings are not recorded in the period in which they are earned, but in the following period, (ii) when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings, and (iii) the data do not 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. In accordance with the international standards, there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. (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, and (iii) trade credits. The data do not cover (i) bonds and money market instruments, and (ii) financial leases. 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, (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, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent interest.) Contrary to the international standards, the data do not include non-participating preference shares, which are instead classified as equity capital.

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

Positions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Mexico 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". Contrary to the international standards, loan positions are recorded as "Assets: Other Investment: Loans", rather than as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Mexico 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 positions are recorded as "Assets: Portfolio Investment: Equity Securities", rather than as "Liabilities: Direct Investment in Mexico: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Assets: Other Investment: Loans", rather than as "Liabilities: Direct Investment in Mexico: Other Capital: Claims on Direct Investors".

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation of construction enterprises abroad by residents of Mexico. Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Mexico of mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established abroad by residents of Mexico at present.

Treatment of Special Purpose Entities (SPEs)

Contrary to the international standards, (i) activities of SPEs established abroad by residents of Mexico are not included in the direct investment data, as these activities cannot be identified from the present data sources, and (ii) in the case of SPEs established abroad by residents of Mexico that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt, as these positions cannot be identified from the present data sources.

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 Mexico. Land and buildings owned abroad by enterprises and individuals resident in Mexico on long-term leases are not included.

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration abroad by residents of Mexico is included in the equity capital data. Contrary to the international standards, (i) expenditure on bonus payments made by residents of Mexico 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, and (ii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Mexico for natural resource exploration, an adjustment to reflect that shutdown is not made to the assets data on direct investment equity capital in the international investment position statistics, as this information is not available from the present data sources.

Valuation of Assets and Liabilities

The data on equity capital for both listed enterprises and unlisted enterprises, which is the annually adjusted price.

The data on other capital are recorded at book values, which are the current book values, namely, updated values that reflect the effect of inflation, as stated by the Generally Accepted Principles of Accounting.

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, that is, the exchange rate prevailing at the end of the calendar year.