

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.

## **Peru:**

### **Direct Investment Compilation Practices, Data Sources and Methodology**

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#### **Direct Investment in Peru**

- **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 PERU

### BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable quarterly data are compiled by the Banco Central de Reserva de Peru (BCRP) 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. (Prior to 2002, data on income on debt (interest) were not compiled.) However, only the data on (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) equity capital, are disseminated as separately identifiable data. These data are disseminated with a timeliness of 45 to 60 days after the end of the reference period on the BCRP website <http://www.bcrp.gob.pe> under *Publications* > *Nota Semanal* > *Cuadros Estadísticos*, and in the BCRP publication *Nota Semanal*. The data are also reported to the IMF for publication.

Separately identifiable data on (i) income on debt (interest) and (ii) other capital, are not disseminated, and are instead included indistinguishably under total investment income in the balance of payment statistics in the case of the data on income on debt (interest), and under the data on equity capital in the case of the data on other capital.

##### Revision Practices

The data are preliminary when first released. The quarterly data for the current year are revised every three months to take account of more complete source data and are disseminated quarterly together with the preliminary data for the latest quarter. The data for all four quarters of the previous year are revised again one year later and are disseminated in the latest *Annual Report of the Banco Central de Reserva de Peru*. At this time the quarterly data are considered to be final, that is, between 18 and 27 months after their first release, depending on the quarter.

The revised status of the quarterly data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. However, when the final annual data (the sum of the final quarterly data) are disseminated, the general public are informed of the reasons for the revisions in the annual data. (The revised status of the quarterly data is identified in the data reported to the IMF for publication.) The historical data are revised back as far as possible, usually 10 years, in instances of major changes in methodology or data collection systems, and the public are informed in explanatory text of the reasons for the revisions to the historical data.

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

##### Data Coverage

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

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

##### Data Collection Method

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

##### Data Sources

The data for all components of the most timely data are compiled primarily from quarterly enterprise surveys of resident direct investment enterprises. Information from (i) the published company accounts of resident direct investment enterprises, and (ii) press reports, are used as secondary data sources for the data on equity capital

and other capital Preliminary information from investment registration authorities, which are based on investments actually made, is used as an additional secondary data sources for the data on equity capital.

The data for all components of the most comprehensive data are compiled primarily from annual enterprise surveys of resident direct investment enterprises. Information from the same data sources as used for the most timely data are also used as secondary data sources. More complete information from investment registration authorities, which are based on investments actually made, is used as an additional secondary data sources 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 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 BCRP and is updated on an ongoing basis using information from (i) the international trade system's list of exporters and importers, (ii) registers maintained by the stock exchange authorities, and other departments within the BCRP, (iii) the financial press, and (iv) compulsory direct investment surveys. In addition, a register maintained by the investment registration authorities is used to cross-check the information in the BCRP register on direct investment enterprises in Peru. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

### **Geographic Classification**

Data showing geographic breakdowns are not compiled by the BCRP for the direct investment income data and the direct investment financial flows data. However, quarterly data showing breakdowns by country are compiled by the investment registration authorities, Proinversion (Private Investment Promotion Agency) for the direct investment financial flows data, but not for the direct investment income data. These data are disseminated with a timeliness of 2 weeks after the end of the reference period on the Proinversion website <http://www.proinversion.gob.pe>. The data cover all countries and bilateral data is not used in the compilation of the data.

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 Peru during 2004 (ranked in descending order) were: the United States, the United Kingdom, the Netherlands, Singapore, and Italy.

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

There are differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns disseminated by the investment registration authorities, and the aggregate inward data on direct investment financial flows disseminated by the BCRP and reported to the IMF for publication, as the former are compiled outside the balance of payments framework.

### **Industrial Classification**

Annual data showing breakdowns by industrial activity for the direct investment financial flows are compiled by the BCRP with a timeliness of 6 months after the end of the reference period. The data are not disseminated, but are available on request. (Only data showing breakdowns for total foreign investment financial flows are disseminated.) The data show a breakdown for 6 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by industrial activity for the direct investment income 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 Peru during 2003 (in descending order) were: (i) hydrocarbons, (ii) mining, (iii) finance, (iv) services, and (v) energy.

Data showing breakdowns by (i) industrial activity and main partner country, and (ii) 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 made available on request and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

## **B. Methodology**

### **Definition of Direct Investment Enterprises in Peru**

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Peru 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. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

### **Treatment of Indirectly Owned Direct Investment Enterprises**

The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. In accordance with the FCS, the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises. (Prior to 2002, the direct investment earnings data did not include the relevant share of all indirectly-owned direct investment enterprises.) Contrary to the FCS, 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 Peru are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) identify all transactions with the parent company.

### **Measurement of Direct Investment Earnings**

In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is fully used to calculate direct investment earnings. In accordance with the 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 (iv) debt repayments receivable/payable are excluded. (Prior to 2002, realized and unrealized exchange rate gains and losses were included.)

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

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) 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 other affiliated financial intermediaries and affiliated banks, and (iii) dividends and distributed branch profits are recorded gross of any withholding taxes. (Prior to 2002, the data were recorded net of withholding taxes.) Contrary to the international standards, 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.

### **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 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, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, (iii) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings, and (iv) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

#### **Treatment of Income on Debt (Interest)**

Separately identifiable data on income on debt (interest) are not disseminated, and are instead included indistinguishably under total investment income in the balance of payment statistics. 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, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, (i) the data 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) most of the data are recorded on an accrual basis. However, contrary to the international standards, some of the income is compiled on a paid basis, rather than an accrual basis.

#### **Treatment of Equity Capital**

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

#### **Treatment of Other Capital**

Separately identifiable data on other capital are not disseminated, and are instead included indistinguishably under equity 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) 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. Contrary to the international standards, the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries.

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 some instances.

Assuming that the direct investment enterprise is a resident of Peru 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". (Separately identifiable data on other capital, which include loan transactions, are not disseminated.)

Assuming that the direct investment enterprise is a resident of Peru 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 Peru: Equity Capital: Increase in Claims on Direct Investors". (Separately identifiable data on other capital, which include loan transactions, are not disseminated.)

### **Treatment of Quasi-corporations**

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Peru by nonresidents of mobile equipment involving ships and aircraft. Quasi-corporations arising from the operation in Peru by nonresidents of (i) construction enterprises, and (ii) mobile equipment involving drilling rigs, are not applicable as such activities have not occurred to date.

### **Treatment of Offshore Enterprises**

Contrary to the international standards, activities of offshore enterprises established in Peru by nonresidents of are not included in the direct investment data, as these activities cannot be identified from the present data sources. However, these activities are considered to be insignificant.

### **Treatment of Special Purpose Entities (SPEs)**

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

### **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 Peru by nonresident enterprises and nonresident individuals, as these transactions cannot be identified from the present data sources. However, such transactions are considered to be insignificant.

### **Treatment of Natural Resources Exploration**

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

**Exchange Rate Conversion**

Most of the transactions involving direct investment income are converted to the unit of account at the average exchange rate for the period, and the remainder are converted at the exchange rate prevailing on the day of the transaction. All transactions involving direct investment financial flows are converted to the unit of account at the exchange rate prevailing on the day of the transaction.

## DIRECT INVESTMENT IN PERU

### INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable quarterly data are compiled by the Banco Central de Reserva de Peru (BCRP) within the international investment position (IIP) framework on the equity capital element of the equity capital and reinvested earnings component, only. These data are disseminated with a timeliness of 45 to 60 days after the end of the reference period, on the BCRP website <http://www.bcrp.gob.pe> under *Publications*> *Nota Semanal*> *Cuadros Estadísticos*, and in the BCRP publication *Nota Semanal*. The data are also reported to the IMF for publication.

Data on (i) the reinvested earnings element of the equity capital and reinvested earnings component, and (ii) second component of the inward position data, namely, other capital, are not compiled.

##### Revision Practices

The data are preliminary when first released. The quarterly data for the previous quarter are revised every 3 months to take account of more complete source data and are disseminated quarterly together with the preliminary data for the latest quarter. The data for all four quarters of the previous year are revised one year later and are disseminated together with the preliminary data for the second quarter of the following year. At this time the quarterly data are considered to be final, that is, between 18 and 27 months after their first release, depending on the quarter.

The revised status of the quarterly data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. However, when the final annual data (the sum of the final quarterly data) are disseminated, the general public are informed of the reasons for the revisions in the annual data. (The revised status of the quarterly data is identified in the data reported to the IMF for publication.) The historical data are revised back as far as possible, usually 10 years, in instances of major changes in methodology or data collection systems, and the public are informed in explanatory text of the reasons for the revisions to the historical data.

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 basis and the reporting requirements are compulsory.

##### Data Sources

The data for all components are compiled primarily from preliminary information on equity capital obtained from the investment registration authorities, which are based on investments actually made. Transactions data on equity capital (which also include other capital transactions) are used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is used for the data. No adjustments are made for price changes, exchange rate changes, and other nontransaction changes.



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

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by the BCRP and is updated on an ongoing basis using information from (i) the international trade system's list of exporters and importers, (ii) registers maintained by the stock exchange authorities, and other departments within the BCRP, (iii) the financial press, and (iv) compulsory direct investment surveys. In addition, a register maintained by the investment registration authorities is used to cross-check the information in the BCRP register on direct investment enterprises in Peru. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

### **Geographic Classification**

Data showing geographic breakdowns are not compiled by the BCRP for the inward direct investment position data. However, quarterly data showing breakdowns by country are compiled by the investment registration authorities, Proinversion (Private Investment Promotion Agency) for the inward direct investment position data and are disseminated with a timeliness of 2 weeks after the end of the reference period on the Proinversion website <http://www.proinversion.gob.pe>. The data cover all countries and bilateral data is 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 Peru as at the end of 2004 (ranked in descending order) were: Spain, the United Kingdom, the United States, the Netherlands, and Panama.

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

There are differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns disseminated by the investment registration authorities, and the aggregate inward position data disseminated by the BCRP and reported to the IMF for publication, as the former are compiled outside the international investment position framework.

### **Industrial Classification**

Data showing breakdowns by industrial activity for the inward direct investment position data are not compiled by the BCRP. However, quarterly data showing breakdowns by industrial activity are compiled by the investment registration authorities, Proinversion (Private Investment Promotion Agency) for the inward direct investment position data and are disseminated with a timeliness of 2 weeks after the end of the reference period on the Proinversion website <http://www.proinversion.gob.pe>. The data show a breakdown for 6 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The inward position data are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment in Peru as at the end of 2004 (ranked in descending order) were: (i) communications, (ii) industry, (iii) finance, (iv) mining, and (v) energy.

Data showing breakdowns by (i) industrial activity and main partner country, and (ii) industrial activity and region/economic zone, are not compiled.

There are differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns disseminated by the investment registration authorities, and the aggregate inward position data disseminated by the BCRP and reported to the IMF for publication, as the former are compiled outside the balance of payments framework.

## **B. Methodology**

### **Definition of Direct Investment Enterprises in Peru**

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Peru 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. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

### **Treatment of Indirectly Owned Direct Investment Enterprises**

The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the data do not include (i) the relevant share of the reinvested earnings of all indirectly-owned direct investment enterprises, and (ii) all equity 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. (Data on other capital are not compiled.)

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

### **Treatment of Equity Capital and Reinvested Earnings**

The equity capital position data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not cover noncash acquisitions of equity, such as through the provision of capital equipment., and may not cover (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares), which cannot be identified from the data sources used for the position data. 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.

Data on reinvested earnings are not compiled.

### **Treatment of Other Capital**

Not applicable. Data on other capital are not compiled.

### **Treatment of Reverse Investment**

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

Assuming that the direct investment enterprise is a resident of Peru 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”. (Data on other capital, which include loan positions, are not compiled.)

Assuming that the direct investment enterprise is a resident of Peru 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 Peru: Equity Capital: Claims on Direct Investors”. (Data on other capital, which include loan positions, are not compiled.)

#### **Treatment of Quasi-corporations**

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Peru by nonresidents of mobile equipment involving ships and aircraft. Quasi-corporations arising from the operation in Peru by nonresidents of (i) construction enterprises, and (ii) mobile equipment involving drilling rigs, are not applicable as such activities have not occurred to date. (Drilling rigs in Peru are established as corporations, not quasi-corporations.)

#### **Treatment of Offshore Enterprises**

Contrary to the international standards, activities of offshore enterprises established in Peru by nonresidents of are not included in the direct investment data, as these activities cannot be identified from the present data sources. However, these activities are considered to be insignificant.

#### **Treatment of Special Purpose Entities (SPEs)**

In accordance with the international standards, (i) activities of SPEs established in Peru by nonresidents are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Peru by nonresidents that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. (Data on other capital, which include positions with affiliated banks and affiliated financial intermediaries involving permanent debt, are not compiled.)

#### **Treatment of Land and Buildings**

Contrary to the international standards, the equity capital data do not include ownership of land and buildings in Peru by nonresident enterprises and nonresident individuals, as these positions cannot be identified from the present data sources. However, instances of such ownership are considered to be insignificant.

#### **Treatment of Natural Resources Exploration**

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

#### **Valuation of Assets and Liabilities**

Most of the data on equity capital for listed enterprises are recorded at book values, which are the historical costs, but some are recorded at market values. The data on equity capital for unlisted enterprises are recorded at book values, which are the historical costs.

Data on other capital are not compiled.

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 the stocks were acquired.

## 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 Central de Reserva de Peru (BCRP) within the balance of payments framework on one of the two components of direct investment financial flows, namely, equity capital, with a timeliness of 45-60 days after the end of the reference period. These data are not disseminated in the national publications, but are available on request and are reported to the IMF for publication.

More comprehensive separately identifiable annual (calendar year) data are compiled by the BCRP on equity capital with a timeliness of 18-27 months after the end of the reference period. The data are not disseminated in the national publications, but are available on request and are reported to the IMF for publication.

Separately identifiable data on the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, (iii) income on debt (interest), are not compiled, and are instead included indistinguishably under total investment income in the balance of payments statistics. Separately identifiable data on other capital are not compiled, and are instead included indistinguishably under the data on equity capital in the balance of payments statistics. However, the amounts involved are considered to be insignificant.

##### Revision Practices

The data are preliminary when first released. The quarterly data for the current year are revised every three months to take account of more complete source data and are made available quarterly together with the preliminary data for the latest quarter. The data for all four quarters of the previous year are revised again one year later and are disseminated in the latest *Annual Report of the Banco Central de Reserva de Peru*. At this time the quarterly data are considered to be final, that is, between 18 and 27 months after their first release, depending on the quarter.

The revised status of the quarterly data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. However, when the final annual data (the sum of the final quarterly data) are disseminated, the general public are informed of the reasons for the revisions in the annual data. (The revised status of the quarterly data is identified in the data reported to the IMF for publication.) The historical data are revised back as far as possible, usually 10 years, in instances of major changes in methodology or data collection systems, and the public are informed in explanatory text of the reasons for the revisions to the historical data.

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

##### Data Collection Method

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

## **Data Sources**

The quarterly data for all components are compiled from press reports. The annual data for all components are compiled primarily from annual enterprise surveys of resident direct investors. Information from press reports is also used as a secondary data source.

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

A business register of enterprises involved in direct investment is used to compile the annual outward direct investment transactions data. The register is maintained by the BCRP and is updated on an ongoing basis using information from (i) the international trade system's list of exporters and importers, (ii) registers maintained by the stock exchange authorities, and other departments within the BCRP, (iii) the financial press, and (iv) compulsory direct investment surveys. In addition, a register maintained by the investment registration authorities is used to cross-check the information in the BCRP register on direct investment enterprises in Peru. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

## **Geographic Classification**

Not applicable. Data showing geographic breakdowns are not compiled for the outward transactions data.

## **Industrial Classification**

Not applicable. Data showing breakdowns by industrial activity are not compiled for the outward transactions data.

## **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 direct 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. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

### **Treatment of Indirectly Owned Direct Investment Enterprises**

The "Fully Consolidated System" (FCS) recommended in the international standards is not applied. Specifically, 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. (Separately identifiable data on direct investment income are not compiled.)

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

### **Measurement of Direct Investment Earnings**

Not applicable. Data on direct investment earnings are not compiled, and are instead included indistinguishably under total investment income in the balance of payments statistics.

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

Not applicable. Separately identifiable data on income on equity (dividends and distributed branch profits) are not compiled, and are instead included indistinguishably under total investment income in the balance of payments statistics.

#### **Treatment of Reinvested Earnings and Undistributed Branch Profits**

Not applicable. Separately identifiable data on income on reinvested earnings and undistributed branch profits are not compiled, and are instead included indistinguishably under total investment income in the balance of payments statistics.

#### **Treatment of Income on Debt (Interest)**

Not applicable. Separately identifiable data on income on debt (interest) are not compiled, and are instead included indistinguishably under total investment income in the balance of payment statistics.

#### **Treatment of Equity Capital**

The equity capital transactions data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not cover (i) participating preference [preferred] shares, (ii) other non-voting stocks (shares), 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 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, all other capital transactions, including non-participating preference [preferred] shares, are included under equity capital, rather than under other capital. However, these transactions are considered to be insignificant.

#### **Treatment of Other Capital**

Not applicable. Separately identifiable data on other capital are not compiled, and are instead included indistinguishably under equity capital. However, the amounts involved are considered to be insignificant.

#### **Treatment of Reverse Investment**

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

Assuming that the direct investment enterprise is a resident of Peru 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". (Separately identifiable data on other capital, which include loan transactions, are not compiled.)

Assuming that the direct investment enterprise is a resident of Peru 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 Peru: Equity Capital: Increase in Claims on Direct Investors". (Separately identifiable data on other capital, which include loan transactions, are not compiled.)

#### **Treatment of Quasi-corporations**

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad by residents of Peru of mobile equipment involving aircraft. Quasi-corporations arising from the operation abroad by residents of Peru of (i) construction enterprises, and (ii) mobile equipment involving ships and drilling rigs, are not applicable as such activities have not occurred to date.

### **Treatment of Offshore Enterprises**

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Peru are included in the direct investment data.

### **Treatment of Special Purpose Entities (SPEs)**

In accordance with the international standards, (i) activities of SPEs established abroad by residents of Peru are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Peru that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. Data on other capital, which include transactions with affiliated banks and affiliated financial intermediaries involving permanent debt, are not compiled.)

### **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 Peru, as these transactions cannot be identified from the present data sources.

### **Treatment of Natural Resources Exploration**

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Peru is not included in the equity capital data, and (ii) expenditure on bonus payments made by residents of Peru 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 these transactions cannot be identified 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 Peru for natural resource exploration, no transactions are shown in the balance of payments statistics.

### **Exchange Rate Conversion**

Most of the transactions involving direct investment income are converted to the unit of account at the average exchange rate for the period, and the remainder are converted at the exchange rate prevailing on the day of the transaction. All transactions involving direct investment financial flows are converted to the unit of account at the exchange rate prevailing on the day of the transaction.

## **DIRECT INVESTMENT ABROAD**

### **INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)**

#### **A. Compilation Practices and Data Sources**

##### **Data Availability**

Separately identifiable quarterly data (the most timely) are compiled by the Banco Central de Reserva de Peru (BCRP) within the international investment position (IIP) framework on the equity capital element of the equity capital and reinvested earnings component, only, with a timeliness of 45-60 days after the end of the reference period. These data are not disseminated in the national publications, but are available on request and are reported to the IMF for publication.

More comprehensive separately identifiable annual (calendar year) data are compiled by the BCRP with a timeliness of 18-27 months after the end of the reference period on the equity capital element of the equity capital and reinvested earnings component. These data are not disseminated in the national publications, but are available on request and are reported to the IMF for publication.

Data on (i) the reinvested earnings element of the equity capital and reinvested earnings components are not compiled, and (ii) the second component of the outward position data, namely, other capital, are not compiled.

##### **Revision Practices**

The data are preliminary when first released. The quarterly data for the previous quarter are revised every 3 months to take account of more complete source data and are made available quarterly together with the preliminary data for the latest quarter. The data for all four quarters of the previous year are revised one year later and are made available together with the preliminary data for the second quarter of the following year. At this time the quarterly data are considered to be final, that is, between 18 and 27 months after their first release, depending on the quarter. The annual data are final when first released.

The revised status of the quarterly 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 revised status of the quarterly data is identified in the data reported to the IMF for publication.) The historical data are revised back as far as possible, usually 10 years, in instances of major changes in methodology or data collection systems, and the public are informed in explanatory text of the reasons for the revisions to the historical data.

The historical data are revised as far back as possible, usually 10 years, in instances of major changes in methodology or data collection systems, and the public are informed in explanatory text of the reasons for the revisions to the historical data.

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

##### **Data Collection Method**

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



## **Data Sources**

The quarterly data on equity capital data are compiled primarily from transactions data obtained from press reports, which are added to the latest available most comprehensive position data. The annual data on equity capital are compiled from primarily from annual enterprise surveys of resident direct investors. The perpetual inventory method (a method for deriving position data from transactions data) is used for the quarterly data, but not for the annual data. No adjustments are made for price changes, exchange rate changes, and other nontransaction changes.

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

A business register of enterprises involved in direct investment is used to compile the annual outward direct investment position data. The register is maintained by the BCRP and is updated on an ongoing basis using information from (i) the international trade system's list of exporters and importers, (ii) registers maintained by the stock exchange authorities, and other departments within the BCRP, (iii) the financial press, and (iv) compulsory direct investment surveys. In addition, a register maintained by the investment registration authorities is used to cross-check the information in the BCRP register on direct investment enterprises in Peru. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

## **Geographic Classification**

Not applicable. Data showing geographic breakdowns are not compiled for the outward position data.

## **Industrial Classification**

Not applicable. Data showing breakdowns by industrial activity are not compiled for the outward position data.

## **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 direct 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. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

### **Treatment of Indirectly Owned Direct Investment Enterprises**

The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the data do not include all equity 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. (Data on (i) reinvested earnings, and (ii) other capital, are not compiled.)

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

### **Treatment of Equity Capital and Reinvested Earnings**

The equity capital position data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not cover (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Data on reinvested earnings data are not compiled.

### **Treatment of Other Capital**

Not applicable. Data on other capital are not compiled.

### **Treatment of Reverse Investment**

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

Assuming that the direct investment enterprise is a resident of Peru 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". (Data on other capital, which include loan positions, are not compiled.)

Assuming that the direct investment enterprise is a resident of Peru 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 Peru: Equity Capital: Claims on Direct Investors". (Data on other capital, which include loan positions, are not compiled.)

### **Treatment of Quasi-corporations**

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad by residents of Peru of mobile equipment involving aircraft. Quasi-corporations arising from the operation abroad by residents of Peru of (i) construction enterprises, and (ii) mobile equipment involving ships and drilling rigs, are not applicable as such activities have not occurred to date.

### **Treatment of Offshore Enterprises**

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Peru are included in the direct investment data.

### **Treatment of Special Purpose Entities (SPEs)**

In accordance with the international standards, (i) activities of SPEs established abroad by residents of Peru are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Peru that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. (Data on other capital, which include positions with affiliated banks and affiliated financial intermediaries involving permanent debt, are not compiled.)

### **Treatment of Land and Buildings**

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

### **Treatment of Natural Resources Exploration**

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Peru is not included in the equity capital data, (ii) expenditure on bonus payments made by residents of Peru 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 (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Peru 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 these positions cannot be identified from the present data sources.

### **Valuation of Assets and Liabilities**

Most of the data on equity capital for listed enterprises are recorded at book values, which are the historical costs, but some are recorded at market values. The data on equity capital for unlisted enterprises are recorded at book values, which are the historical costs.

Data on other capital are not compiled.

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 the stocks were acquired.