

This metadata describes the compilation practices, sources and methodology in use in 2001. Please refer to the contact persons below for details of any changes that may have been introduced by the country since that time.

Chile:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Chile

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

Direct Investment Abroad

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

[Glossary of Direct Investment Terms and Definitions](#)

DIRECT INVESTMENT IN CHILE

BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) direct investment income (income on equity, and reinvested earnings only), and (ii) direct investment financial flows (equity capital only), are disseminated with a timeliness of 23 days after the end of the reference period. More comprehensive annual (calendar year) data are disseminated with a timeliness of 9 months after the end of the reference year. Separately identifiable data on (i) income on debt (interest), and (ii) other capital, are not compiled at present and are instead included under Other Investment in the balance of payments statistics. However, there are plans to begin to compile and disseminate these data in 1-2 years.

Revision Policy: The monthly data are revised at the time of the release of the more comprehensive annual data, and become final 2 years after the end of the reference year. The annual data become final 2 years after their first release.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an individual transactions basis, and reporting requirements are compulsory.

Data Sources: The monthly data are compiled from: (i) information obtained from exchange control authorities and investment approval authorities, and (ii) published sources, such as company accounts. Press reports are also used for cross-checking the data. The more comprehensive annual data are compiled primarily from: (i) annual enterprise surveys of direct investment enterprises in Chile, and (ii) information obtained from exchange control authorities and investment approval authorities. Published sources, such as company accounts, are used as a secondary data source for the annual data. A business register of enterprises involved in direct investment is maintained. This register is updated on a monthly and annual basis using information from (i) an international transactions reporting system's (ITRS's) list of transactors, (ii) other statistical collection forms, (iii) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments of the Banco Central de Chile, and (iv) the financial press.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 3 months after the end of the reference period. However, these data are compiled and disseminated by the Foreign Investment Committee, and are compiled on a different basis from the aggregate direct investment data disseminated by the Banco Central de Chile in the balance of payments statistics. Monthly data showing country breakdowns for direct investment income and direct investment financial flows are compiled but not disseminated. The data are compiled by the Banco Central de Chile for investment control purposes and are not consistent with the aggregate direct investment data disseminated by the Balance of Payments Department of the Banco Central de Chile. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment flows into Chile during 2001 (ranked in descending order) were: the United States, Spain, Canada, the United Kingdom, and Italy.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 3 months after the end of the reference period. However, these data are compiled and disseminated by the Foreign Investment Committee, and are compiled on a different basis from the aggregate direct investment data disseminated by the Balance of Payments Department of the Banco Central de Chile. The data are based on the industry of the resident direct investment enterprise. The classification 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 sector/partner country are disseminated for direct investment financial flows (but not direct investment income). Data showing breakdowns by industrial sector/region or economic zone are not compiled.

B. Methodology

Definition of Direct Investment Enterprises in Chile: Contrary to the international standards, the basic criterion for defining direct investment enterprises in Chile is not 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Instead, the definition of direct investment in Chile covers all foreign investment flows into Chile, except U.S. foreign equity certificates of deposit (ADRs), debt securities, and investment funds. No value threshold is used to identify 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 indirectly-owned direct investment enterprises. Contrary to the FCS, the direct investment financial flows data do not include the equity transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. (Data on other capital transactions are not compiled at present.) Enterprises in Chile are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with COPC, deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes. Contrary to COPC, realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded on the date they are paid, rather than the date they are payable. In accordance with the international standards, dividends and distributed branch profits are recorded gross of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): Not applicable. Separately identifiable data on income on debt (interest) are not compiled at present. However, there are plans to begin to compile and disseminate these data in 1-2 years.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: Not applicable. Separately identifiable data on income on other capital are not compiled at present. However, there are plans to begin to compile and disseminate these data in 1-2 years.

Treatment of Reverse Investment: Equity transactions 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 Chile 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, equity transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. However, contrary to the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity transactions are recorded as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”, rather than as “Direct Investment in Chile: Increase in Claims on Direct Investors”. (Data on other capital, which include loan transactions are not compiled at present.)

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Chile by nonresidents of construction enterprises. Quasi-corporations arising from the operation in Chile by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, have not been identified in Chile to date.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established in Chile by nonresidents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established in Chile by nonresidents are generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established in Chile by nonresidents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are not excluded from the data.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings in Chile by nonresident enterprises. Contrary to the international standards, the data do not include purchases and sales of land and buildings in Chile by nonresident individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the direct investment data include expenditure related to natural resources exploration in Chile by nonresidents.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction, but some are converted at the exchange rate at the end of the period in which the transactions are recorded.

DIRECT INVESTMENT IN CHILE

INTERNATIONAL INVESTMENT POSITION ("POSITION DATA")

Not applicable. Position data on direct investment in Chile are not compiled at present. However, annual position data on direct investment in Chile will begin to be compiled and disseminated in 2002 as part of an International Investment Position statement.

CHILE: DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) direct investment income (income on equity, and reinvested earnings only), and (ii) direct investment financial flows (equity capital only), are disseminated with a timeliness of 23 days after the end of the reference period. More comprehensive annual (calendar year) data are disseminated with a timeliness of 9 months after the end of the reference year. Separately identifiable data on (i) income on debt (interest), and (ii) other capital, are not compiled at present and are instead included under Other Investment in the balance of payments statistics. However, there are plans to begin to compile and disseminate these data in 1-2 years.

Revision Policy: The monthly data are revised at the time of the release of the more comprehensive annual data, and become final 2 years after the end of the reference year. The annual data become final 2 years after their first release.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an individual transactions basis, and reporting requirements are compulsory.

Data Sources: The monthly data are compiled from: (i) information obtained from exchange control authorities and investment approval authorities, and (ii) published sources, such as company accounts. Press reports are also used for cross-checking the data. The more comprehensive annual data are compiled primarily from: (i) annual enterprise surveys of residents with direct investment enterprises abroad, and (ii) information obtained from exchange control authorities and investment approval authorities. Published sources, such as company accounts, are used as a secondary data source for the annual data. A business register of enterprises involved in direct investment is maintained. This register is updated on a monthly and annual basis using information from (i) an international transactions reporting system (ITRS's) list of transactors, (ii) other statistical collection forms, (iii) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments of the Banco Central de Chile, and (iv) the financial press.

Geographic Classification: Annual data showing country breakdowns are disseminated with a timeliness of 3 months after the end of the reference period. However, although these data are compiled and disseminated by the Banco Central de Chile, they are compiled on a different basis from the aggregate direct investment data disseminated in the balance of payments statistics. Monthly data showing country breakdowns for direct investment income and direct investment financial flows are compiled but not disseminated. The data are compiled by the Banco Central de Chile for investment control purposes and are not consistent with the aggregate direct investment data disseminated by the Balance of Payments Department of the Banco Central de Chile. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data showing breakdowns by regions or economic zones are not compiled. The five countries with the largest amount of direct investment flows from Chile during 2001 (ranked in descending order) were: the United States, Argentina, the Cayman Islands, Panama, and Peru.

Industrial Classification: Annual data showing breakdowns by industrial sector are disseminated with a timeliness of 3 months after the end of the reference period. However, although these data are compiled and disseminated by the Banco Central de Chile, they are compiled on a different basis from the aggregate direct investment data disseminated by the Balance of Payments Department of the Banco Central de Chile. The data are based on the industry of the resident direct investor. The classification 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 sector/partner country are disseminated for direct investment financial flows (but not direct investment income). Data showing breakdowns by industrial sector/region or economic zone are not compiled.

B. Methodology

Definition of Direct Investors Abroad: Contrary to the international standards, the basic criterion for defining direct investors abroad is not 10 percent ownership of a nonresident enterprise by a resident investor, regardless

of whether the investor has an effective voice in management. Instead, the definition of direct investors abroad is determined by the type of firm investing abroad, and all outward investors, except for mutual funds, pension funds, and insurance companies, are defined as being direct investors abroad. No value threshold is used to identify direct investors abroad, 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 indirectly-owned direct investment enterprises. Contrary to the FCS, the direct investment financial flows data do not include the equity transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. (Data on other capital are not compiled at present.) Enterprises in Chile are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with COPC, deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes. Contrary to COPC, realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date they are recorded as being payable in Chile, rather than the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): Not applicable. Separately identifiable data on income on debt (interest) are not compiled at present. However, there are plans to begin to compile and disseminate these data in 1-2 years.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: Not applicable. Separately identifiable data on other capital are not compiled at present. However, there are plans to begin to compile and disseminate these data in 1-2 years.

Treatment of Reverse Investment: Equity transactions 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 Chile 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, equity transactions are recorded in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. However, contrary to the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity transactions are recorded as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”, rather than as “Direct Investment in Chile: Increase in Claims on Direct Investors”. (Data on other capital, which include loan transactions are not compiled at present.)

Treatment of Quasi-corporations: Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by Chilean residents of construction enterprises. Quasi-corporations arising from the operation abroad by Chilean residents of mobile equipment, such as ships, aircraft, and drilling rigs, have not been identified to date.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established abroad by Chilean residents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards, activities of SPEs established abroad by Chilean residents are generally included in the direct investment data. Contrary to

the international standards, in the case of SPEs established abroad by Chilean residents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are not excluded from the data.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Chilean resident enterprises. Contrary to the international standards, the data do not include purchases and sales of land and buildings abroad by Chilean resident individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by Chilean residents.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction, but some are converted at the exchange rate at the end of the period in which the transactions are recorded.

CHILE: DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ("POSITION DATA")

Not applicable. Position data on direct investment abroad are not compiled at present. However, annual position data on direct investment abroad will begin to be compiled and disseminated in 2002 as part of an International Investment Position statement.