

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

## **Colombia:**

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

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#### **Direct Investment in Colombia**

- **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 COLOMBIA

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

#### A. Compilation Practices and Data Sources

**Data Availability:** Preliminary quarterly data are disseminated on (i) direct investment income (income on equity, and reinvested earnings only), and (ii) direct investment financial flows (equity capital only), with a timeliness of 3 months after the end of the reference period. These are the most timely data. More comprehensive quarterly data are disseminated with the timeliness of 9 months after the end of the reference period. Data on (i) income on debt (interest), and (ii) other capital, are not compiled at present.

**Revision Policy:** The data are revised each quarter until the coverage of the enterprises is complete. The data typically become final 9-12 months 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 most timely and more comprehensive data are both compiled primarily from information obtained from exchange control authorities or investment approval authorities. Published sources, such as company accounts, are used as a secondary data source. In the case of the more comprehensive data, quarterly enterprise surveys of direct investment enterprises in Colombia are used as an additional data source. Press reports and direct consultations with enterprises regarding large transactions are used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from registers maintained by government licensing and regulatory authorities, and corporate affairs and stock exchange authorities.

**Geographic Classification:** Quarterly data showing country breakdowns for direct investment financial flows (but not direct investment income) are disseminated with a timeliness of 9 months after the end of the reference period. 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 are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. The five countries with the largest amount of direct investment flows into Colombia during 1999-2000 (ranked in descending order) were: the United States, Spain, Canada, the United Kingdom, and Panama.

**Industrial Classification:** Quarterly data showing country breakdowns for direct investment income and direct investment financial flows are disseminated for both the most timely and the most comprehensive data, with a timeliness of 3 months and 9 months after the end of the reference period, respectively. 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 are compiled, and are available on request with a timeliness of 6 months, showing breakdowns of direct investment financial flows (but not direct investment income) by industrial sector/region or economic zone for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Data showing breakdowns of direct investment financial flows (but not direct investment income) by industrial sector/partner country are also disseminated.

#### B. Methodology

**Definition of Direct Investment Enterprises in Colombia:** In accordance with the international standards, the basic criterion for defining direct investment enterprises in Colombia is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify direct investment enterprises. The definition includes only incorporated enterprises, as the law does not permit the establishment of unincorporated direct investment enterprises in Colombia.

**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 Colombia are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not 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 used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not 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 incorporated enterprises, but not unincorporated enterprises. (The law does not permit the establishment of unincorporated direct investment enterprises in Colombia.) In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable, and (ii) gross of any withholding taxes.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover incorporated enterprises, but not unincorporated enterprises. (The law does not permit the establishment of unincorporated direct investment enterprises in Colombia.) 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. Data on income on debt (interest) are not compiled at present.

**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. Data on other capital are not compiled at present.

**Treatment of Reverse Investment:** Equity transactions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Colombia and the direct investor is a nonresident, (i) 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 as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity transactions are recorded as “Direct Investment in Colombia: Increase in Claims on Direct Investors”. (Data on other capital transactions, which include loan transactions, are not compiled at present.)

**Treatment of Quasi-corporations:** In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Colombia by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

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

**Treatment of Special Purpose Entities (SPEs):** Not applicable. There are no SPEs established in Colombia by nonresidents are present.

**Treatment of Land and Buildings:** Not applicable. There are no purchases and sales of land and buildings in Colombia by nonresident enterprises and individuals at present.

**Treatment of Natural Resources Exploration:** In accordance with the international standards, the data on direct investment include expenditure related to natural resources exploration in Colombia 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 average exchange rate in the period in which the transactions are recorded.

**DIRECT INVESTMENT IN COLOMBIA**  
**INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Semi-annual data on equity capital and reinvested earnings are disseminated with a timeliness of 6 months after the end of the reference period. Data on other capital are not compiled at present.

**Revision Policy:** The data become final 6 months after they are first released.

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

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled primarily from information obtained from exchange control authorities or investment approval authorities. Published sources, such as company accounts, are used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is used, with adjustments for price changes and exchange rate changes. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from registers maintained by government licensing and regulatory authorities, and corporate affairs and stock exchange authorities.

**Geographic Classification:** Not applicable. Data showing country breakdowns or breakdowns by region or economic zone are not compiled at present.

**Industrial Classification:** Semi-annual data showing breakdowns by industrial sector are disseminated with a timeliness of 6 months after the end of the reference period. 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 (i) industrial sector/partner country, and (ii) industrial sector/region or economic zone, are not compiled.

**B. Methodology**

**Definition of Direct Investment Enterprises in Colombia:** In accordance with the international standards, the basic criterion for defining direct investment enterprises in Colombia is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify direct investment enterprises. The definition includes only incorporated enterprises, as the law does not permit the establishment of unincorporated direct investment enterprises in Colombia.

**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 relevant share of indirectly-owned direct investment enterprises is included in the reinvested earnings data. Contrary to the FCS, the relevant share of indirectly-owned direct investment enterprises is not included in the equity position data. (Position data on other capital are not compiled at present.) Enterprises in Colombia are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company.

**Treatment of Equity Capital and Reinvested Earnings:** The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The data on reinvested earnings cover incorporated enterprises, but not unincorporated enterprises. (The law does not permit the establishment of unincorporated direct investment enterprises in Colombia.) In accordance with the international standards, the data on reinvested earnings are recorded in the period in which they are earned. (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 Colombia.)

**Treatment of Other Capital:** Not applicable. Data on other capital are not compiled at present.

**Treatment of Reverse Investment:** Equity positions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Colombia and the direct investor is a nonresident: (i) 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 positions are recorded as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity positions are recorded as "Liabilities: Direct Investment in Colombia: Claims on Direct Investors". (Position data on other capital are not compiled at present.)

**Treatment of Quasi-corporations:** In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Colombia by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

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

**Treatment of Special Purpose Entities (SPEs):** Not applicable. There are no SPEs established in Colombia by nonresidents are present.

**Treatment of Land and Buildings:** Not applicable. There is no ownership of land and buildings in Colombia by nonresident enterprises and individuals at present.

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

**Valuation:** Contrary to the international standards, the data are reported at book values, rather than at market values. The book values used are the provisional adjusted prices, based on market indices.

**Exchange Rate Conversion:** The exchange rate prevailing on the day to which the position data relate is primarily used to convert foreign currencies into the unit of account. However, some positions are converted at the exchange rate prevailing on the day the stocks were acquired.

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary quarterly data are disseminated on (i) direct investment income (income on equity, and reinvested earnings only), and (ii) direct investment financial flows (equity capital only), with a timeliness of 3 months after the end of the reference period. These are the most timely data. More comprehensive quarterly data are disseminated with the timeliness of 9 months after the end of the reference period. Data on (i) income on debt (interest), and (ii) other capital, are not compiled at present.

**Revision Policy:** The data are revised each quarter until the coverage of the enterprises is complete. The data typically become final 9-12 months 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 most timely and more comprehensive data are both compiled primarily from information obtained from exchange control authorities or investment approval authorities. Published sources, such as company accounts, are used as a secondary data source. Press reports are used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from registers maintained by government licensing and regulatory authorities, and corporate affairs and stock exchange authorities.

**Geographic Classification:** Quarterly data showing country breakdowns for direct investment financial flows (but not direct investment income) are disseminated with a timeliness of 9 months after the end of the reference period. 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 are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. The four countries with the largest amount of direct investment flows from Colombia during 1999-2000 (ranked in descending order) were: Venezuela, Spain, Costa Rica, and Panama.

**Industrial Classification:** Quarterly data showing country breakdowns for direct investment income and direct investment financial flows are disseminated for both the most timely and the most comprehensive data, with a timeliness of 3 months and 9 months after the end of the reference period, respectively. The data are based on the industry of the nonresident 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 (i) industrial sector/region or economic zone, and (ii) industrial sector/partner country, are not compiled.

**B. Methodology**

**Definition of Direct Investors Abroad:** In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad. The definition includes only incorporated enterprises, as the law does not permit the establishment by residents of unincorporated direct investment enterprises abroad.

**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 Colombia are required by law to produce consolidated

accounts covering their subsidiaries and associates, either domestic or foreign, but are not 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 used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not 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 incorporated enterprises, but not unincorporated enterprises. (The law does not permit the establishment by residents of unincorporated direct investment enterprises abroad.) Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date they are paid, 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 incorporated enterprises, but not unincorporated enterprises. (The law does not permit the establishment by residents of unincorporated direct investment enterprises abroad.) 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. Data on income on debt (interest) are not compiled at present.

**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. Data on direct investment other capital are not compiled at present.

**Treatment of Reverse Investment:** Equity transactions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Colombia and the direct investor is a nonresident, (i) 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 as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity transactions are recorded as “Direct Investment in Colombia: Increase in Claims on Direct Investors”. (Data on other capital transactions, which include loan transactions, are not compiled at present.)

**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 Colombian residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

**Treatment of Offshore Enterprises:** Not applicable. There are no offshore enterprises established abroad by Colombian residents at present.

**Treatment of Special Purpose Entities (SPEs):** Not applicable. There are no SPEs established abroad by Colombian residents at present.

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

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

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



**COLOMBIA: DIRECT INVESTMENT ABROAD**  
**INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Semi-annual data on equity capital are disseminated with a timeliness of 6 months after the end of the reference period. Data on (i) reinvested earnings, and (ii) other capital, are not compiled at present

**Revision Policy:** The data become final 6 months after they are first released.

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

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled primarily from information obtained from exchange control authorities or investment approval authorities. Published sources, such as company accounts, are used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is used with adjustments for exchange rate changes, but not for price changes. A business register of enterprises involved in direct investment is maintained. This register is updated on an annual basis using information from registers maintained by government licensing and regulatory authorities, and corporate affairs and stock exchange authorities.

**Geographic Classification:** Not applicable. Data showing country breakdowns or breakdowns by region or economic zone are not compiled at present.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sectors are not compiled at present. However, there are plans to begin to do so in the future.

**B. Methodology**

**Definition of Direct Investors Abroad:** In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad. The definition includes only incorporated enterprises, as the law does not permit the establishment by residents of unincorporated direct investment enterprises abroad.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Contrary to the FCS, the relevant share of indirectly-owned direct investment enterprises is not included in the equity position data. (Position data on reinvested earnings and other capital are not compiled at present.) Enterprises in Colombia are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company.

**Treatment of Equity Capital and Reinvested Earnings:** The data cover all types of position data 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 positions between affiliated banks and between affiliated financial intermediaries. Data on reinvested earnings are not compiled at present.

**Treatment of Other Capital:** Not applicable. Data on other capital are not compiled at present.

**Treatment of Reverse Investment:** Equity positions involving reverse investment are treated in accordance with the international standards. Assuming that the direct investment enterprise is a resident of Colombia and the direct investor is a nonresident: (i) 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 positions are recorded as “Assets: Direct Investment Abroad: Claims on Affiliated Enterprises”; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity positions are recorded as “Liabilities: Direct Investment in Colombia: Claims on Direct Investors”. (Position data on other capital are not compiled at present.)

**Treatment of Quasi-corporations:** In accordance with the international standards, the data include the activities of quasi-corporations involving the operation abroad by Colombian residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

**Treatment of Offshore Enterprises:** Not applicable. There are no offshore enterprises established abroad by Colombian residents at present.

**Treatment of Special Purpose Entities (SPEs):** Not applicable. There are no SPEs established abroad by Colombian residents are present.

**Treatment of Land and Buildings:** Contrary to the international standards, the data do not include ownership of land and buildings abroad by Colombian resident enterprises and individuals.

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

**Valuation:** Contrary to the international standards, the data are reported at book values, rather than at market values. The book values used are the provisional adjusted prices, based on market indices.

**Exchange Rate Conversion:** The exchange rate prevailing on the day to which the position data relate is primarily used to convert foreign currencies into the unit of account. However, some positions are converted at the exchange rate prevailing on the day the stocks were acquired.