

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.

## **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”)**

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

**DIRECT INVESTMENT IN PERU**  
**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 and other capital) are disseminated with a timeliness of 8 weeks after the end of the reference period. More comprehensive data annual (calendar year) data are disseminated with a timeliness of 18 months after the end of the reference period. Separately identifiable data on income on debt (interest) are not compiled at present.

**Revision Policy:** The quarterly data are reviewed and can be revised at the time of the release of the more comprehensive annual data 18 months after the end of the reference year, at which time they are considered to be final. The annual data are final when first released.

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

**Data Collection Methods:** Data are collected on an aggregate basis, and reporting requirements are compulsory.

**Data Sources:** The quarterly data (the most timely) are compiled primarily from quarterly enterprise surveys of direct investment enterprises in Peru. Information obtained from investment authorities, including privatization investment agreements, are used as secondary data sources. Press reports are used for cross-checking the data obtained from the surveys. The annual data (the more comprehensive) are compiled primarily from annual enterprise surveys of direct investment enterprises in Peru. Information from investment authorities, and privatization investment agreements, is used as secondary data sources. A business register of enterprises involved in direct investment is maintained. This register is updated on a quarterly and annual basis using information from (i) the international trade system's list of exporters/importers, (ii) registers maintained by government licensing and regulatory authorities, corporate affairs and stock exchange authorities, and other departments within the Banco Central de Reserva, (iii) the financial press, and (iv) business registers published by resident specialized agencies.

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

**Industrial Classification:** Annual data showing breakdowns by industrial sector for direct investment financial flows (but not direct investment income) are disseminated with a timeliness of 18 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), specifically, (i) mining, (ii) industry, (iii) finance, (iv) other services, and (v) energy. 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 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. 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, 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, primarily because of the lack of a registry of indirectly-owned enterprises. Specifically, (i) the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity capital and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Peru 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 the COPC, (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, and write-offs, are not included. Contrary to the international standards, exchange rate gains or losses are included. Contrary to the international standards, when a direct investment enterprise makes a loss, the net loss is not recorded as negative reinvested earnings. However, beginning in 2002 net losses will be recorded as negative reinvested earnings and the time series will be amended accordingly.

**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 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 both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, reinvested earnings and undistributed branch profits are not recorded in the period in which they are earned, but at the time an increase in capital is registered. However, beginning in 2002 reinvested earnings will be recorded in the period in which they are earned and the time series will be amended accordingly.

**Treatment of Income on Debt (Interest):** Not applicable. Separately identifiable 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:** The data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover: (i) bonds and money market instruments, (ii) financial leases, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) 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. Contrary to the international standards, the data do not include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

**Treatment of Reverse Investment:** 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 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, equity transactions are classified in accordance with the international standards as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. However, contrary to the international standards, loan transactions are classified as “Portfolio Investment: Increase in Assets: Equity Securities”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. Transactions involving reverse investment where the direct investment enterprise owns less than 10 percent of its nonresident direct investor, cannot be identified at present.

**Treatment of Quasi-corporations:** Not applicable. Activities of quasi-corporations involving the operation in Peru by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises cannot be identified at present.

**Treatment of Offshore Enterprises:** Not applicable. There are no offshore enterprises established in Peru by nonresidents at present.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established in Peru by nonresidents are generally included in the direct investment data, and (ii) in the case of SPEs established in Peru 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 excluded from the data.

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

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

**Exchange Rate Conversion:** Transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary quarterly data on equity capital and reinvested earnings are disseminated with a timeliness of 8 weeks after the end of the reference period. More comprehensive data quarterly data are disseminated with a timeliness of 18 months after the end of the reference period. Data on other capital are not compiled at present.

**Revision Policy:** The quarterly data are revised at the time of the release of the more comprehensive annual data 18 months after the end of the reference year, at which time they are considered to be final. The annual data are final when first released.

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

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

**Data Sources:** Both the quarterly and the annual data are compiled from information on transactions obtained from the investment authority, National Commission of Foreign Investment and Technology (CONITE), including privatization investment agreements. The perpetual inventory method (a method for deriving position data from transactions data) is used, but no adjustments are made for price changes or exchange rate changes. A business register of enterprises involved in direct investment is not maintained.

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

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present.

**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. 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, 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 relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity capital position data. (Position data on other capital are not compiled at present.) Enterprises in Peru 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.

**Treatment of Equity Capital and Reinvested Earnings:** The data cover: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) non-cash acquisitions of equity, such as through the provision of capital equipment, and (iv) reinvested earnings. The data may not cover other non-voting stocks, including participating preference shares, which cannot be identified in the data sources used for the position data. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, reinvested earnings and undistributed branch profits are not recorded in the period in which they are earned but at the time an increase in capital is registered. However, beginning in 2002 reinvested earnings will be recorded in the period in which they are earned and the time series will be amended accordingly. (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 Peru.)

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

**Treatment of Reverse Investment:** Not applicable. Equity positions involving reverse investment cannot be identified from the data source at present. (Data on other capital, which include loan positions, are not compiled at present.)

**Treatment of Quasi-corporations:** Not applicable. Activities of quasi-corporations involving the operation in Peru by nonresidents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises cannot be identified at present.

**Treatment of Offshore Enterprises:** Not applicable. There are no offshore enterprises established in Peru by nonresidents at present.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, (i) activities of SPEs established in Peru by nonresidents are generally included in the direct investment data, and (ii) in the case of SPEs established in Peru by nonresidents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include ownership of land and buildings in Peru by nonresident enterprises. Contrary to the international standards, the data do not include ownership of land and buildings in Peru 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 Peru by nonresidents.

**Valuation:** Contrary to the international standards, the data are reported at book values, rather than market values. The book values used are historical costs.

**Exchange Rate Conversion:** The exchange rate prevailing on the day the stocks were acquired is used to convert foreign currencies into the unit of account.

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Annual (calendar year) data on equity capital are disseminated with a timeliness of up to 30 months after the end of the reference period. Data on (i) income on equity, (ii) reinvested earnings, (iii) income on debt (interest), and (iv) other capital, are not compiled at present.

**Revision Policy:** The data are final when first released.

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

**Data Collection Methods:** Data are collected on an aggregate basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled from annual enterprise surveys of residents with direct investment enterprises abroad. A business register of enterprises involved in direct investment is maintained. This register is updated on a quarterly and annual basis using information from (i) registers maintained by government licensing and regulatory authorities, and corporate affairs and stock exchange authorities, and (ii) the financial press.

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

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present.

**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, 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 the equity transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. (Data on (i) direct investment income, and (ii) other capital, are not compiled at present.) Enterprises in Peru 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:** Not applicable. Data on direct investment income are not compiled at present.

**Treatment of Income on Equity (Dividends and Distributed Branch Profits):** Not applicable. Data on dividends and distributed branch profits are not compiled at present.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** Not applicable. Data on reinvested earnings and undistributed branch profits are not compiled at present.

**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: (i) listed voting stocks (shares), and (ii) unlisted voting stocks. The data do not cover: (i) other non-voting stocks, including participating preference shares, and (ii) 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.

**Treatment of Reverse Investment:** 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 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, equity transactions are classified in accordance with the international standards as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises". However, contrary to the international standards, loan transactions are classified as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises". Transactions involving reverse investment where the direct investment enterprise owns less than 10 percent of its nonresident direct investor, cannot be identified at present.

**Treatment of Quasi-corporations:** Not applicable. Activities of quasi-corporations involving the operation abroad by Peruvian residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises cannot be identified at present.

**Treatment of Offshore Enterprises:** Contrary to the international standards, activities of offshore enterprises established abroad by Peruvian residents are generally not 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 Peruvian residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Peruvian 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 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 Peruvian resident enterprises. Contrary to the international standards, the data do not include purchases and sales of land and buildings abroad by Peruvian resident individuals.

**Treatment of Natural Resources Exploration:** Not applicable. Expenditure related to natural resources exploration abroad by Peruvian residents cannot be identified at present.

**Exchange Rate Conversion:** Transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

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

**A. Compilation Practices and Data Sources**

**Data Availability:** Annual (calendar year) data on equity capital are disseminated with a timeliness of 30 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 are final when 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 from transactions data obtained from annual enterprise surveys of residents with direct investment enterprises abroad. The perpetual inventory method (a method for deriving position data from transactions data) is used, but no adjustments are made for price changes or foreign exchange rate changes. A business register of enterprises involved in direct investment is maintained. This register is updated on a quarterly and annual basis using information from (i) registers maintained by government licensing and regulatory authorities, and corporate affairs and stock exchange authorities, and (ii) the financial press.

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

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present.

**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, 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 relevant share of indirectly-owned direct investment enterprises is not included in the equity capital position data. (Position data on (i) reinvested earnings, and (ii) other capital are not compiled at present.) Enterprises in Peru 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.

**Treatment of Equity Capital and Reinvested Earnings:** The data cover: (i) listed voting stocks (shares), and (ii) unlisted voting stocks. The data do not cover: (i) other non-voting stocks, including participating preference shares, and (ii) 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.

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

**Treatment of Reverse Investment:** Positions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of 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, equity positions are classified in accordance with the international standards as “Assets: Direct Investment Abroad: Claims on Affiliated Enterprises”. However, contrary to the international standards, loan positions are classified as “Assets: Portfolio Investment: Equity Securities”, rather than as “Assets: Direct Investment Abroad: Claims on

Affiliated Enterprises". Positions involving reverse investment where the direct investment enterprise owns less than 10 percent of its nonresident direct investor, cannot be identified at present.

**Treatment of Quasi-corporations:** Not applicable. Activities of quasi-corporations involving the operation abroad by Peruvian residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises cannot be identified at present.

**Treatment of Offshore Enterprises:** Contrary to the international standards, activities of offshore enterprises established abroad by Peruvian residents are generally not 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 Peruvian residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Peruvian residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are excluded from the data.

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

**Treatment of Natural Resources Exploration:** Not applicable. Expenditure related to natural resources exploration abroad by Peruvian residents cannot be identified at present.

**Valuation:** Contrary to the international standards, the data are reported at book values, rather than market values. The book values used are historical costs.

**Exchange Rate Conversion:** The exchange rate prevailing on the day the stocks were acquired is used to convert foreign currencies into the unit of account.