



**NATIONAL BANK OF THE REPUBLIC OF MACEDONIA**

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**Information  
on Changes in the Balance of Payments,  
International Investment Position and External  
Debt Arising from the New  
International Statistical Standards**

June 2014

## **I. Application of new international standards for external statistics in Macedonia**

In June 2014, the National Bank of the Republic of Macedonia will begin to disseminate data from external statistics (balance of payments, international investment position, gross external debt and gross external claims) produced according to the new international standards defined in the Balance of Payments and International Investment Position Manual (BPM6).

### **1. Background information on new international standards for statistics on balance of payments and international investment position**

Changes in international economic and financial environment in the past two decades, financial and technological innovation, and increasing mobility of capital, imposed the need of issuing a new BOP manual that would appropriately present contemporary economic trends (the Balance of Payments Manual, BPM5, was released in 1993). The new international statistical standards result from the Balance of Payments and International Investment Position Manual, sixth edition (BPM6)<sup>1</sup> issued by the International Monetary Fund (IMF) in 2009 and the External Debt Statistics: Guide for Compilers and Users, published by the International Monetary Fund (IMF) in 2013<sup>2</sup>. The BOP Manual defines the standard framework for recording transactions (in the balance of payments - BOP) and stocks (in the international investment position - IIP) between an economy and the rest of the world by setting concepts, definitions, classifications and conventions on BOP and IIP statistics. BPM6 also explains the application of BOP and IIP as international accounts of the economy. Appendix 8 of the Manual discusses recent methodological changes in BOP and IIP statistics. External Debt Statistics: Guide for Compilers and Users defines the standard framework for recording transactions and stocks based on debt instruments between an economy and the rest of the world by setting concepts, definitions, classifications and conventions on external debt statistics (ED).

As a standard framework, BPM6 aims to ensure international comparability of data through application of internationally accepted standards worldwide. Furthermore, the aim is to ensure consistency of various macroeconomic statistics at the national level. This primarily refers to the alignment of BPM6 with the System of National Accounts (SNA 2008)<sup>3</sup>, the European System of Accounts (ESA 2010)<sup>4</sup> and the Benchmark Definition of Foreign Direct Investments (BD4)<sup>5</sup> of the Organization for Economic Cooperation and Development (OECD), which were simultaneously reviewed.

Implementation of new international statistical standards is a considerable challenge for compilers of statistical data, taking into account the needs for adjusting in all phases of the statistical process, from data collection phase, through

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<sup>1</sup> Balance of Payments and International Investment Position Manual, 6<sup>th</sup> Edition, IMF, 2009 (<http://www.imf.org/external/pubs/ft/bop/2007/bopman6.htm>).

<sup>2</sup> External Debt Statistics: Guide for Compilers and Users, IMF, 2013 (<http://www.tffs.org/edsguide.htm>).

<sup>3</sup> System of National Accounts 2008, European Commission, International Monetary Fund, Organization for Economic Co-operation and Development, United Nations, World Bank, 2009 (<https://unstats.un.org/unsd/nationalaccount/sna2008.asp>).

<sup>4</sup> European system of accounts – ESA 2010, Eurostat, 2013 ([http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/publication?p\\_product\\_code=KS-02-13-269](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-02-13-269)).

<sup>5</sup> Benchmark Definition of Foreign Direct Investment, 4<sup>th</sup> Edition, OECD, 2008 (<http://www.oecd.org/fr/daf/inv/statistiquesetanalysesdelinvestissement/fdibenchmarkdefinition.htm>).

compilation, to dissemination of statistics. Therefore, the full implementation of the requirements of BPM6 should be viewed as a long-term gradual process, which runs at a different pace in various countries.

Although the IMF formally adopted the new BPM6 format in August 2012, the European Union agreed to perform the transition to BPM6 during 2014. The Republic of Macedonia, as a candidate country for EU membership, plans to follow the EU member states.

The National Bank of the Republic of Macedonia, as the institution responsible for external statistics, will use standard reports when disseminating new data, modifying the contents and structure of some categories. In order to provide comparable data time series, basic data sets for external statistics are planned to be disseminated in as long as possible time series, according to the features of data sources and their availability.

## 2. Presentational changes

The foremost presentational changes in transactions and stocks in BOP and IIP relate to foreign direct investments (FDIs), so instead of the former "directional principle" of investment, they will be presented on a gross basis as "assets and liabilities". A significant change is the renaming of "income" and "current transfers" components in the current account to "primary income" and "secondary income", respectively, for the purposes of consistency with the system of national accounts.

A significant change was also made in the convention on the use of signs, again for the purposes of adjusting to the system of national accounts. Thus, now, "credit" and "debit"<sup>6</sup> in the current and capital account of BOP are presented with a positive sign, while in BPM5, debits were presented with a negative sign. In the financial account, however, the negative sign is no longer used to denote an increase in assets and the positive sign to denote a reduction of assets, as in BPM5. In BPM6, a positive sign in both assets and liabilities denotes an increase and a negative sign the opposite (a decrease). In IIP, there is no change in the use of signs.

Table 1 Convention on the use of signs

	<b>BPM5</b>	<b>BPM6</b>
<i>Current and capital account</i>		
Credit (Export / Inflow)	+	+
Debit (Import / Outflow)	-	+
Net	(Credit + Debit)	(Credit - Debit)
<i>Financial account</i>		
<i>Assets</i>		
Increase	-	+
Decrease	+	-
Net	(Increase + Decrease)	(Increase + Decrease)
<i>Liabilities</i>		
Increase	+	+
Decrease	-	-
Net	(Increase + Decrease)	(Increase + Decrease)

<sup>6</sup> "Credit" means inflow/export, and "debit" denotes outflow/import.

In the financial account, "credit" and "debit" will be renamed into "net acquisition of assets" and "net incurrence of liabilities". Moreover, the classification of financial instruments and institutional sectors and nomenclatures established by SNA 2008 are generally adopted. Changes to certain terms are shown in Table 2.

Table 2 Changes in terminology \*

BPM5	BPM6
<i>Current account</i>	
Services	
Royalties and license fees	Charges for the use of intellectual property
Income	Primary income
Current transfers	Secondary income
Worker's remittances	Personal transfers
<i>Financial account</i>	
Bonds and notes	Long-term debt securities
Money-market instruments	Short-term debt securities
Financial derivatives	Financial derivatives (other than reserves) and employee stock options
Trade credits	Trade credit and advances
Reinvested earning	Reinvestment of earning
* In all items there is no change in data coverage, with the exception of the item "Personal transfers" which is more broader from the previous item "Worker's remittances". For more detailed information please see 3.1 Methodological changes in current account.	

The current account balance (surplus/deficit) is always derived as credits minus debits, while the financial account balance ("net lending/net borrowing") is always derived as net acquisition of assets minus net incurrence of liabilities.

### 3. Methodological changes

Although core methodological concepts remain unchanged, attention should be paid to several important methodological changes. This primarily means introducing of the principle of "economic ownership" which is central for determining the time of recording on an accrual basis for transactions in goods, non-produced nonfinancial assets and financial assets. Namely, according to the principle of "economic ownership<sup>7</sup>", a change in ownership from an economic perspective denotes the moment of transfer of all risks, benefits, rights and liabilities arising from ownership.

Furthermore, new financial assets and liabilities are added, such as "allocation of special drawing rights" as a liability of central banks, "insurance, pension and standardized guarantees schemes", etc.

Important changes have also been made in the manner of distinguishing financial flows as transactions and other changes. "Transactions" in BOP include only transactions between residents and nonresidents arising on the basis of mutual agreement and involve exchange of value or transfer. "Other changes (revaluation and other changes in volume)" are changes that are not transactions, and affect the stocks of acquired assets/incurred liabilities and are presented in IIP. Some of the transactions covered by BOP in BPM5, such as exchange of foreign assets between residents and exchange of domestic financial assets between nonresidents, will no longer be presented in BOP, but in IIP as other changes that affect stocks of financial assets and liabilities. Similarly, the current "migrants' transfers" arising from the change of status of resident/non-resident and vice versa, will no longer be presented as transactions, but as other changes in IIP. Conversely, income that belongs to owners of shares in investment funds partly consists of reinvested earnings, which will be shown as a transaction, instead of in other changes in IIP, as before.

<sup>7</sup> In practice, economic and legal ownership may, but need not, overlap.

### **3.1. Methodological changes in current account**

In the current account, goods and services will be most extensively affected by the introduction of BPM6. In BPM5, goods for processing owned by nonresidents were classified in goods based on "imputed" transfer of ownership. These imputed transactions were included on gross basis in "goods for processing" within the goods component. In contrast, BPM6 considers that there is no transfer of ownership when goods are being processed, and therefore, only the fee received for processing services rendered is included in "manufacturing services on physical inputs owned by others" within the services component. Under the new conventions, trade in goods is recorded only when the goods change economic ownership between residents and nonresidents. For economies like Macedonia, where these transactions occur at a significant scale, this change will decrease imports and exports of goods on a gross basis, and will increase exports and imports of services. However, a negligible net effect on the current account is expected.

On the same basis, i.e. by applying the principle of economic ownership, in BPM6, goods under merchanting should be included in transactions in goods, and be recorded under the goods component. In BPM5, merchanting was classified as "merchanting and other trade-related services" in the services component. In the case where these goods were kept in inventories from one period to the next, the purchase of goods under merchanting was included in merchandise imports, and after the goods were sold, the same amount was deducted from imports (as negative imports). Any difference between the value of goods when purchased and their value when sold was recorded as exports of merchanting services. In BPM6, merchanting is classified in the goods component, so that the purchase of goods is classified as a negative export of goods of the economy of the merchant, and the sale is classified as a positive export of goods, with the difference between sales and purchases recorded in exports of goods as "net exports of goods under merchanting".

Furthermore, within the current account, there are changes in the manner of recording "financial services indirectly measured" (FISIM). In this regard, it is known that financial companies charge for their services indirectly, i.e. a part of the charged interest also includes other costs that are to be calculated by FISIM. In BPM5, FISIM were recorded along with other financial services. In BPM6, these services (as costs for loans and deposits) are shown separately.

In the area of insurance and pensions services, BPM6 defines a more sophisticated methodology for collecting, calculating and presenting of these data, while in terms of classification, there will be changes in several current account items. Less significant methodological changes are anticipated in the classification of maintenance and repair services, which were previously included in the goods component and are now part of the services component, as well as the reclassification of postal and courier services from telecommunications services as a separate item in the transport services.

The "primary income" component, besides the abovementioned change in terminology, which is related to the need to align with the system of national accounts, undergoes the following significant changes: 1) introduction of the concept of "superdividends", i.e. exceptionally high dividend payments to shareholders that are made out of accumulated reserves, that should be treated as withdrawals of equity, instead of income distribution; 2) the timing for recording dividends, which changes to "ex-dividend date" from "as of the date payable"; 3) the recording of SDR interest on a gross basis; and 4) the recording of income attributable to the owners of investment funds shares as the sum of dividends and reinvested earnings.

The component of "secondary income", besides the abovementioned change in terminology (also related to the need to align with the system of national accounts), also contains a significant change related to the introduction of the term "personal transfers", which is broader than the existing term "workers' remittances", since it encompasses all transfers in cash or in kind between resident households and nonresident households, independent of the source of income and the relationship between households.

### **3.2. Methodological changes in capital account**

The major changes within the capital account, particularly relate to the treatment of migrants' transfers. Namely, these are no longer treated as a transaction, but rather as a part of "other changes in volume" of assets and liabilities, because the reason behind is not the change in the ownership of the assets, but the change in the status of resident/nonresident.

### **3.3. Methodological changes in financial account**

Although the presentational changes in FDIs will have an impact on gross basis, in terms of the amounts of assets and liabilities, they will have no effect on the net amount of FDIs of the national economy. Furthermore, a significant change is the need of excluding amounts of intercompany debt of related financial companies from the existing amounts of FDIs, which in BPM5 was valid only for banks, and in BPM6, applies to other financial institutions, as well (excluding pension funds and insurance corporations). Under the new standards, this intercompany debt will be presented in appropriate financial instruments (primarily, loans). Furthermore, there will be a separate presentation of transactions of reverse investment, i.e. investment in the direct investor's equity, with a share of less than 10%. Capital transactions and intercompany debt between fellow enterprises will be separately presented, whereby fellow enterprises are enterprises that are under the control or influence of the same immediate or indirect investor, and the capital relation between them does not exceed 10%.

An important methodological change is the manner of presenting arrears, which so far have been presented as short-term liabilities within "other liabilities" category, while in BPM6, in ED and IIP, they will be included in their original instrument.

### **3.4. Effects of the methodological changes**

Overall, the net effect of methodological changes on the main BOP aggregates is expected to be negligible. Within IIP, no change is expected in the net investment position, but there will be a change in the aggregates "assets and liabilities". The significant change in BOP that will occur in "goods and services" components will not cause significant impact on the current account balance. The capital account will be affected by the exclusion of migrants' transfers. Significant changes from the new financial instruments are not expected in the balance of the financial account, since these instruments are rarely used in the Republic of Macedonia. Yet, presentational changes in FDIs will not have a significant effect on BOP on a net basis, while in IIP they will increase the amounts of assets and liabilities on a gross basis, instead on a net basis.

#### **4. Exceptions from the implementation of the recommendations set out in BPM6**

- 4.1 In order to comply with the practices of the Member States of the EU, the Republic of Macedonia will waive the implementation of the principle of exclusion of the exchange of foreign financial assets between residents and of domestic financial assets between nonresidents in the "currency and deposits" instrument of BOP and their disclosure in IIP. Therefore, in our statistical reports, the exchange of foreign currencies and deposits between residents and domestic currencies and deposits between nonresidents will continue to be presented as transactions in BOP.
- 4.2 Due to the marginal importance of certain financial instruments (e.g. insurance, pension and standardized guarantees schemes, employee stock options, etc.), and the fact that certain financial instruments do not appear in transactions with nonresidents considering the incomplete capital liberalization of the Macedonian economy, it has been decided that their inclusion in the statistical reports will be delayed.
- 4.3 BPM6 allows deviations from the recommended method of applying market prices for valuation of stocks of certain types of financial assets and liabilities. Namely, in the stocks of assets and liabilities based on FDIs, in terms of equity, BPM6 suggests that unlisted equity securities and other equity, for which there are no available market prices, are valued with the estimated fair value of an asset/liability. Several alternative methods are recommended in the Manual. In the case of the Republic of Macedonia, all FDIs on the assets and liabilities side, for both listed and other equity, will continue to be estimated by using the method of "own funds at book value", as one of the recommended methods for estimating fair values.
- 4.4 BPM6 makes it clear that investment funds may be direct investors or direct investment enterprises. An investment fund may appear within the FDIs, if it holds above 10% of another investment fund's shares and/or vice versa. In practice, such cases are very rare and statistically insignificant, and since they can cause international inconsistency, for practical reasons, this concept is considered inapplicable in the EU. For similar reasons, and since the use of this concept triggers adjustments in the sources of data, it will not be applied in the Republic of Macedonia, as well.

#### **5. Dissemination and data availability**

The NBRM plans to publish the new standard presentation of the balance of payments, IIP and external debt at the end of June 2014.

Moreover, at the time of transition to BPM6, a time series on balance of payments data will be available in euros for the period from 2003, and data in U.S. dollars will be available for the period from 1998. Time series for the period until 2009 will be compiled using the IMF's BPM5-to-BPM6 conversion matrix, where some balance of payments items with more detailed data will be revised as recommended in BPM6.

BPM5 data will be discontinued from the moment BPM6 data are first disseminated. Only BPM5 monthly balance of payments data in euro will be published until October 2014. However, the BPM5 time series of data will still be available on the National Bank's website.

Given the users' need to monitor direct investments under the directional principle of investment (BPM5 standard), the National Bank plans to continue to compile these data, besides their presentation according to the assets/liabilities principle as recommended in BPM6.

For more information on the application of the BPM6 standard, please contact our e-mail address: [contact.statistika@nbrm.mk](mailto:contact.statistika@nbrm.mk).

## II. Effects of the new international standards on BOP, IIP and ED of the Republic of Macedonia

### 1. Effects of the new standards on BOP

The new standards cause no significant changes in the main components of BOP. The current account balance in 2013 changes by insignificant Euro 0.7 million, while the 2012 balance remains unchanged. Furthermore, no significant changes occur in the balance of capital and financial account, other than changes resulting from the altered scope of certain categories. Consistency of the changes is also evident through the minimal effect in errors and omissions (difference of Euro 1.5 and Euro 0.1 million, respectively, in 2013 and 2012).

BPM5		BPM6		Difference			
	2012	2013	2012	2013	2012	2013	
<b>I. Current account</b>	<b>-225.7</b>	<b>-146.6</b>	<b>-225.7</b>	<b>-147.2</b>	0.0	-0.7	
<b>GOODS, net</b>	<b>-1,756.6</b>	<b>-1,584.4</b>	<b>-2,008.1</b>	<b>-1,858.5</b>	-251.5	-274.1	
Exports	3,106.9	3,206.3	2,303.9	2,383.2	-803.0	-823.1	
Imports	-4,863.5	-4,790.7	-4,312.0	-4,241.6	551.5	549.1	
<b>SERVICES, net</b>	<b>46.1</b>	<b>77.8</b>	<b>307.8</b>	<b>362.9</b>	261.7	285.1	
Credit	818.9	873.7	1,064.7	1,141.9	245.8	268.2	
Debit	-772.8	-796.0	-756.9	-779.0	15.9	16.9	
<b>INCOME, net</b>	<b>-147.7</b>	<b>-182.0</b>	<b>-147.6</b>	<b>-182.4</b>	0.1	-0.4	
Credit	162.7	151.3	162.9	151.1	0.2	-0.2	
Debit	-310.4	-333.3	-310.5	-333.5	-0.1	-0.2	
<b>CURRENT TRANSFERS, net</b>	<b>1,632.5</b>	<b>1,542.1</b>	<b>1,622.1</b>	<b>1,530.7</b>	-10.3	-11.3	
Credit	1,687.7	1,615.7	1,694.0	1,622.1	6.4	6.4	
Debit	-55.2	-73.6	-71.9	-91.3	-16.7	-17.7	
<b>II. Capital and Financial Account</b>	<b>207.9</b>	<b>118.9</b>	<b>9.0</b>	<b>9.0</b>	-11.0	-8.9	
<b>CAPITAL ACCOUNT, net</b>	<b>20.0</b>	<b>17.9</b>	<b>9.6</b>	<b>9.3</b>	-25.1	-26.3	
Credit	34.7	35.6	0.6	0.2	14.1	17.4	
Debit	-14.6	-17.7	-198.9	-112.1	11.1	11.1	
<b>FINANCIAL ACCOUNT, net</b>	<b>187.8</b>	<b>101.0</b>	<b>-117.3</b>	<b>-280.9</b>	39.2	28.3	
<b>Direct investment, net</b>	<b>78.1</b>	<b>252.7</b>	<b>143.7</b>	<b>29.5</b>	-149.7	-30.7	
Direct investment abroad	6.0	1.2	261.0	310.4	188.9	58.9	
Direct investment in reporting economy	72.0	251.5	-77.3	159.3	0.0	0.0	
<b>Portfolio investment, net</b>	<b>77.3</b>	<b>-159.3</b>	<b>7.3</b>	<b>33.0</b>	0.0	0.0	
Assets	-7.3	-33.0	84.6	-126.3	0.0	0.0	
Liabilities	84.6	-126.3	<b>0.0</b>	<b>0.0</b>	0.0	0.0	
<b>Financial derivatives</b>			<b>0.0</b>	<b>0.0</b>	0.0	0.0	
<b>Other investment, net</b>	<b>174.8</b>	<b>-36.3</b>	<b>-146.7</b>	<b>53.5</b>	-28.2	-17.2	
Assets	-100.1	-75.3	<b>0.0</b>	<b>0.0</b>	-0.2	0.0	
Trade credits	0.0	0.0	-0.2	0.0	-0.2	0.0	
Loans	80.2	148.6	0.0	0.0	0.0	0.0	
Currency and deposits	-180.7	-224.1	<b>103.5</b>	<b>245.0</b>	11.0	8.9	
Other assets	0.4	0.2	169.7	215.2	11.0	8.9	
Liabilities	274.9	39.0	66.2	-29.8	0.0	0.0	
Trade credits	169.5	-126.2	<b>-90.9</b>	<b>-320.1</b>	6.1	-21.8	
Loans	4.7	193.3	Net acquisition of financial assets	-75.6	-147.4	-4.6	-1.2
Currency and deposits	66.2	-29.8	Net incurrence of liabilities	15.3	172.7	10.7	-20.6
Other liabilities	34.6	1.6	<b>Insurance, pension, and standardized guarantee schemes</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
			Net acquisition of financial assets	0.0	0.0	0.0	0.0
			Net incurrence of liabilities	0.0	0.0	0.0	0.0
			<b>Trade credit and advances</b>	<b>-158.9</b>	<b>128.8</b>	-10.7	-2.6
			<b>Other accounts receivable/payable</b>	<b>0.0</b>	<b>-0.2</b>	-34.6	-1.8
			<b>Special drawing rights (Net incurrence of liabilities)</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
			<b>Reserve assets</b>	<b>142.3</b>	<b>-44.0</b>	0.0	0.0
<b>III. Errors and Omissions</b>	<b>17.8</b>	<b>27.6</b>	<b>17.7</b>	<b>26.1</b>	-0.1	-1.5	
<b>IV. Net errors and omissions</b>							

Significant changes occur in certain categories and items in BOP. Changes in goods and services in the current account arise mainly from the reclassification of the category "goods for processing", which in BPM6 are treated as services, and the reclassification of merchanting services that move to the goods component. With the use of BPM6, the trade deficit in goods increased, on average for the period 2012-



2013 by 3.5 percentage points of GDP, versus the increased surplus in the exchange of services.

Within the financial account, the most significant change is observed in direct investments, for three reasons:

1. Change in volume, for the purpose of reclassifying of some transactions related to intercompany liabilities/claims of capially related other financial institutions (excluding pension funds and insurance corporations) in the relevant financial instruments (primarily loans);
2. Presentational change of FDIs, using the principle of presenting on a gross basis as "assets" and "liabilities", instead of the directional principle of the investment. With this change, liabilities include all liabilities to the investor based on equity or debt instruments (the item "debt instruments" will no longer contain net claims and liabilities to investors, as in BPM5). It is important to emphasize that these presentational changes will not affect the net FDI;

Table 4 Effects of the BPM6 on Direct Investment flows

BPM5		BPM6	
	2013		2013
<b>Direct investment, net</b>	<b>252.7</b>	<b>Direct investment</b>	<b>-280.9</b>
<b>Direct investment abroad</b>	<b>1.2</b>	<b>Net acquisition of financial assets</b>	<b>29.5</b>
Equity capital	1.2	Equity other than reinvestment of earnings	-1.2
		Direct investor in direct investment enterprises	-1.2
		Direct investment enterprises in direct investor (reverse investment)	0.0
		Between fellow enterprises	0.0
Reinvested earnings	0.0	Reinvestment of earnings	0.0
Other capital	0.0	Debt instruments	30.7
		Direct investor in direct investment enterprises	1.0
<b>Direct investment in reporting economy</b>	<b>251.5</b>	Direct investment enterprises in direct investor (reverse investment)	29.6
Equity capital	40.7	Between fellow enterprises	0.0
		<b>Net incurrence of liabilities</b>	<b>310.4</b>
Reinvested earnings	106.8	Equity other than reinvestment of earnings	52.1
Other capital	104.0	Direct investor in direct investment enterprises	52.1
		Direct investment enterprises in direct investor (reverse investment)	0.0
		Between fellow enterprises	0.0
		Reinvestment of earnings	106.8
Claims	-31.2	Debt instruments	151.5
Liabilities	135.2	Direct investor in direct investment enterprises	139.5
		Direct investment enterprises in direct investor (reverse investment)	12.0
		Between fellow enterprises	0.0
		<b>Other investment</b>	
		<b>Loans</b>	<b>-320.1</b>

3. Change in volume, due to the change in treatment of certain flows (from "other changes" to "transactions" in BOP, and vice versa). An example of such changes is the possibility of converting the intercompany debt to equity, in accordance with changes in the Macedonian legislation in 2013, which in BPM6 should be treated as a transaction (in BPM5 it was treated as other changes). These changes do not affect the net FDIs;

Also, a significant change i.e. a reclassification is evident in the treatment of arrears of loans and long-term trade credits, which according to BPM5 were a part of "other liabilities", while according to BPM6, accumulating of arrears will no longer be presented in BOP.

## 2. Effects of the new standards on IIP

The new standards cause no significant changes in the net IIP. Thus, for 2012, net IIP remains unchanged, but there is reallocation of certain amounts between the aggregates "assets" and "liabilities". In 2013, a slight difference of Euro 11.5 million occurred in net IIP, which arises from changes in the scope of equity on

the liabilities side, now also encompassing part of the intercompany debt that has been converted into equity.

BPM5			BPM6			Differences	
	Q4-2012	Q4-2013		Q4-2012	Q4-2013	Q4-2012	Q4-2013
<b>International Investment Position, net</b>	<b>-4,181.5</b>	<b>-4,582.9</b>	<b>International Investment Position, net</b>	<b>-4,181.5</b>	<b>-4,594.3</b>	0.0	-11.5
<b>Assets</b>	<b>3,792.2</b>	<b>3,543.6</b>	<b>Assets</b>	<b>4,253.5</b>	<b>4,037.6</b>	461.3	493.9
<b>Direct investment abroad</b>	<b>72.3</b>	<b>74.2</b>	<b>Direct investment</b>	<b>533.6</b>	<b>568.1</b>	461.3	493.9
Equity capital and reinvested earnings	46.2	45.0	Equity and investment fund shares	46.2	45.0	0.0	0.0
Other capital	26.1	29.1	Debt instruments	487.4	523.1	461.3	493.9
<b>Portfolio investment</b>	<b>59.1</b>	<b>103.7</b>	<b>Portfolio investment</b>	<b>59.1</b>	<b>103.7</b>	0.0	0.0
<b>Financial derivatives</b>	<b>0.0</b>	<b>0.0</b>	<b>Financial derivatives (other than reserves) and employee stock options</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
<b>Other investment</b>	<b>1,467.5</b>	<b>1,372.7</b>	<b>Other investment</b>	<b>1,467.5</b>	<b>1,372.7</b>	0.0	0.0
Trade credits	683.8	741.1	Other equity	0.0	0.0	0.0	0.0
Loans	217.3	66.8	Currency and deposits	537.0	540.0	0.0	0.0
Currency and deposits	537.0	540.0	Loans	246.4	91.3	29.1	24.6
<b>Other assets</b>	<b>29.4</b>	<b>24.9</b>	<b>Insurance, pension, and standardized guarantee schemes</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
<b>Reserve assets</b>	<b>2,193.3</b>	<b>1,993.0</b>	<b>Trade credit and advances</b>	<b>684.1</b>	<b>741.4</b>	0.3	0.3
			<b>Other accounts receivable</b>	<b>0.0</b>	<b>0.0</b>	-29.4	-24.9
			<b>Reserve assets</b>	<b>2,193.3</b>	<b>1,993.0</b>	0.0	0.0
<b>Liabilities</b>	<b>7,973.8</b>	<b>8,126.5</b>	<b>Liabilities</b>	<b>8,435.1</b>	<b>8,631.9</b>	461.3	505.4
<b>Direct investment in reporting economy</b>	<b>3,746.4</b>	<b>4,012.4</b>	<b>Direct investment</b>	<b>4,146.8</b>	<b>4,469.8</b>	400.4	457.4
Equity capital and reinvested earnings	3,148.9	3,296.3	Equity and investment fund shares	3,148.9	3,307.8	0.0	11.5
Other capital	597.5	716.1	Debt instruments	997.9	1,162.0	400.4	445.9
<b>Portfolio investment</b>	<b>408.3</b>	<b>266.4</b>	<b>Portfolio investment</b>	<b>408.3</b>	<b>266.4</b>	0.0	0.0
<b>Financial derivatives</b>	<b>0.0</b>	<b>0.0</b>	<b>Financial derivatives (other than reserves) and employee stock options</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
<b>Other investment</b>	<b>3,819.1</b>	<b>3,847.6</b>	<b>Other investment</b>	<b>3,879.9</b>	<b>3,895.6</b>	60.9	48.0
Trade credits	813.2	755.6	Other equity	0.0	0.0	0.0	0.0
Loans	2,534.3	2,657.3	Currency and deposits	198.7	168.4	0.0	0.0
Currency and deposits	198.7	168.4	Loans	2,771.8	2,878.0	237.6	220.7
<b>Other liabilities</b>	<b>272.9</b>	<b>266.4</b>	<b>Insurance, pension, and standardized guarantee schemes</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
			<b>Trade credit and advances</b>	<b>832.8</b>	<b>776.0</b>	19.5	20.4
			<b>Other accounts payable</b>	<b>0.0</b>	<b>0.0</b>	-272.9	-266.4
			<b>Special drawing rights (Net incurrence of liabilities)</b>	<b>76.7</b>	<b>73.2</b>	76.7	73.2

Changes are mainly observed in direct investments (Table 6), in "debt instruments" that corresponds to the former "other capital", and in "loans" and "other payables" (corresponding to the former "other liabilities"). Specifically, the following changes occur:

1. Claims on direct investors, which in BPM5 were part of "other capital" within the "direct investments in the country" instrument, are reallocated in "debt instruments" within the "direct investments" instrument, on the assets side, according to BPM6. Thus, in 2012 and 2013, assets increased by Euro 443.4 million and Euro 467.9 million, respectively (Table. 6);
2. Liabilities to companies owned by domestic investors abroad, which in BPM5 were part of "other capital" within the "direct investments abroad" instrument, are redistributed in "debt instruments" within the "direct investment" instrument, on the liabilities side, according to BPM6. Thus, in 2012 and 2013, liabilities increased by Euro 17.9 million and Euro 26.1 million, respectively (Table 6);
3. Intercompany debt and claims of other financial institutions (excluding pension funds and insurance corporations), which in BPM5 were a part of "other capital" within the "direct investments" instrument, are redistributed within "loans", respectively on both assets and liabilities side, according to BPM6. Thus, in 2012 and 2013, liabilities were reclassified by Euro 60.9 million and Euro 48 million, respectively (Table 6);

Table 6 Effects of the BPM6 on Direct Investment stocks

BPM5	Q4-2012	Q4-2013	BPM6	Q4-2012	Q4-2013
<b>Assets</b>			<b>Assets</b>		
<b>Direct investment abroad</b>	<b>72.3</b>	<b>74.2</b>	<b>Direct investment</b>	<b>533.6</b>	<b>568.1</b>
Equity capital and reinvested earnings	46.2	45.0	Equity and investment fund shares	46.2	45.0
Other capital	26.1	29.1	Debt instruments	487.4	523.1
Claims on affiliated enterprises	44.0	55.2	Direct investor in direct investment enterprises	44.0	55.2
Liabilities to affiliated enterprises (-)	-17.9	-26.1	Direct investment enterprises in direct investor (reverse investment)	443.4	467.9
			Between fellow enterprises	0.0	0.0
<b>Liabilities</b>			<b>Liabilities</b>		
<b>Direct investment in reporting economy</b>	<b>3,746.4</b>	<b>4,012.4</b>	<b>Direct investment</b>	<b>4,146.8</b>	<b>4,469.8</b>
Equity capital and reinvested earnings	3,148.9	3,296.3	Equity and investment fund shares	3,148.9	3,307.8
Other capital	597.5	716.1	Debt instruments	997.9	1,162.0
Claims on direct investors (-)	-443.4	-467.9	Direct investor in direct investment enterprises	980.1	1,136.0
Liabilities to direct investors	1,040.9	1,184.0	Direct investment enterprises in direct investor (reverse investment)	17.9	26.1
			Between fellow enterprises	0.0	0.0
			<b>Loans - redistributed</b>		
			Other financial corporations	60.9	48.0

- Arrears based on loans and long-term trade credits, which in BPM5 were a part of "other assets/other liabilities", are redistributed within the respective instrument, i.e. in "loans" and "trade credits", on both assets and liabilities side, according to BPM6. Thus, in 2012 and 2013, reclassification was made in assets by Euro 29.4 million and Euro 24.9 million, respectively, and in liabilities by Euro 161.8 million and Euro 177.3 million, respectively;
- Liabilities based on the SDR allocation, which in BPM5 were a part of "other liabilities", are presented as a new instrument on the liabilities side, according to BPM6. Thus, in 2012 and 2013, there was a reclassification of Euro 76.7 million and Euro 73.2 million, respectively.
- Other liabilities, within other debt instruments, which in BPM5 were presented in "other liabilities", are presented in "loans", according to BPM6. Thus, in 2012 and 2013, the liabilities side of IIP was reclassified by Euro 34.4 million and Euro 15.9 million, respectively.

### 3. Effects of the new standards on ED

The new standards cause no changes in the external debt. This is primarily due to the fact that only reclassification of certain amounts between financial instruments and institutional sectors take place.

Intercompany debt (and claims) of the other financial institutions (excluding pension funds and insurance corporations), which in BPM5 were a part of "direct investments: loans between affiliated enterprises", in BPM6 are reclassified as liabilities under "loans" and "trade credits" of other sectors, according to the origin of the liability. Thus, in 2012 and 2013, there was a reclassification of Euro 60.9 million and Euro 48 million, respectively (Table 7).

Arrears based on loans and long-term trade credits, which in BPM5 were shown separately under "other short-term liabilities (other assets)", in BPM6 are reclassified within the respective instrument, i.e. within "loans" and "trade credits". Thus, in 2012 and 2013, there was a reclassification of Euro 161.8 million and Euro 177.3 million, respectively.

Other liabilities within other debt instruments, which in BPM5 were shown in "other liabilities", are presented under "loans" in BPM6. Thus, in 2012 and 2013, ED was subject to reclassification of Euro 34.4 and Euro 15.9 million, respectively.

Information on Changes in the Balance of Payments, International Investment Position and External Debt Arising from the New International Statistical Standards, June 2014

Table 7 Effects of the new standards on the External Debt  
(In millions EUR)

(In millions EUR)			(In millions EUR)			Differences	Differences
	2012	2013		2012	2013	Q4 2012	Q4 2013
<b>BPM5</b>			<b>BPM6</b>				
<b>1. General Government</b>	<b>1,589.8</b>	<b>1,608.9</b>	<b>1. General Government</b>	<b>1,589.8</b>	<b>1,608.9</b>	<b>0.0</b>	<b>0.0</b>
<b>1.1 Short-term</b>	<b>3.6</b>	<b>8.3</b>	<b>1.1 Short-term</b>	<b>0.0</b>	<b>0.0</b>	-3.6	-8.3
1.1.1. Money market instruments	0.0	0.0	1.1.1. Currency and deposits	0.0	0.0	0.0	0.0
1.1.2. Loans	0.0	0.0	1.1.2. Debt securities	0.0	0.0	0.0	0.0
1.1.3. Trade credits	0.0	0.0	1.1.3. Loans	0.0	0.0	0.0	0.0
1.1.4. Other debt liabilities	3.6	8.3	1.1.4. Trade credit and advances	0.0	0.0	0.0	0.0
Arrears	3.6	8.3	1.1.5. Other debt liabilities	0.0	0.0	-3.6	-8.3
Other	0.0	0.0	<b>1.2 Long-term</b>	<b>1,589.8</b>	<b>1,608.9</b>	3.6	8.3
<b>1.2 Long-term</b>	<b>1,586.2</b>	<b>1,600.6</b>	1.2.1. Special drawing rights	0.0	0.0	0.0	0.0
1.2.1. Bonds and notes	293.8	152.4	1.2.2. Currency and deposits	0.0	0.0	0.0	0.0
1.2.2. Loans	1,291.5	1,447.6	1.2.3. Debt securities	293.8	152.4	0.0	0.0
1.2.3. Trade credits	0.9	0.6	1.2.4. Loans	1,292.9	1,453.2	1.4	5.6
1.2.4. Other debt liabilities	0.0	0.0	1.2.5. Trade credit and advances	3.1	3.3	2.3	2.6
<b>2. Monetary Authorities (NBRM)</b>	<b>234.2</b>	<b>73.2</b>	1.2.6. Other debt liabilities	0.0	0.0	0.0	0.0
<b>2.1 Short-term</b>	<b>157.6</b>	<b>0.0</b>	<b>2. Central Bank</b>	<b>234.2</b>	<b>73.2</b>	<b>0.0</b>	<b>0.0</b>
2.1.1. Money market instruments	0.0	0.0	<b>2.1 Short-term</b>	<b>157.6</b>	<b>0.0</b>	0.0	0.0
2.1.2. Loans	157.6	0.0	2.1.1. Currency and deposits	0.0	0.0	0.0	0.0
2.1.3. Currency and deposits	0.0	0.0	2.1.2. Debt securities	0.0	0.0	0.0	0.0
2.1.4. Other debt liabilities	0.0	0.0	2.1.3. Loans	157.6	0.0	0.0	0.0
Arrears	0.0	0.0	2.1.4. Trade credit and advances	0.0	0.0	0.0	0.0
Other	0.0	0.0	2.1.5. Other debt liabilities	0.0	0.0	0.0	0.0
<b>2.2 Long-term</b>	<b>76.7</b>	<b>73.2</b>	<b>2.2 Long-term</b>	<b>76.7</b>	<b>73.2</b>	0.0	0.0
2.2.1. Bonds and notes	0.0	0.0	2.2.1. Special drawing rights	76.7	73.2	0.0	0.0
2.2.2. Loans	0.0	0.0	2.2.2. Currency and deposits	0.0	0.0	0.0	0.0
2.2.2. Currency and deposits	0.0	0.0	2.2.3. Debt securities	0.0	0.0	0.0	0.0
2.2.4. Other debt liabilities	76.7	73.2	2.2.4. Loans	0.0	0.0	0.0	0.0
SDR Allocation	76.7	73.2	2.2.5. Trade credit and advances	0.0	0.0	0.0	0.0
<b>3. Banks</b>	<b>618.8</b>	<b>609.3</b>	2.2.6. Other debt liabilities	0.0	0.0	-76.7	-73.2
<b>3.1 Short-term</b>	<b>184.8</b>	<b>119.5</b>	<b>3. Deposit-Taking Corporations, except the Central Bank</b>	<b>618.8</b>	<b>609.3</b>	0.0	0.0
3.1.1. Money market instruments	0.0	0.0	<b>3.1 Short-term</b>	<b>176.9</b>	<b>119.0</b>	-7.9	-0.5
3.1.2. Loans	0.0	0.0	3.1.1. Currency and deposits	176.9	119.0	0.0	0.0
3.1.3. Currency and deposits	176.9	119.0	3.1.2. Debt securities	0.0	0.0	0.0	0.0
3.1.4. Other debt liabilities	7.9	0.5	3.1.3. Loans	0.0	0.0	0.0	0.0
Arrears	7.9	0.5	3.1.4. Trade credit and advances	0.0	0.0	-7.9	-0.5
Other	0.0	0.0	3.1.5. Other debt liabilities	0.0	0.0	7.9	0.5
<b>3.2 Long-term</b>	<b>434.0</b>	<b>489.8</b>	<b>3.2 Long-term</b>	<b>441.9</b>	<b>490.3</b>	7.9	0.5
3.2.1. Bonds and notes	0.0	0.0	3.2.1. Currency and deposits	21.7	49.4	0.0	0.0
3.2.2. Loans	412.3	440.4	3.2.2. Debt securities	0.0	0.0	0.0	0.0
3.2.3. Currency and deposits	21.7	49.4	3.2.3. Loans	420.2	440.9	7.9	0.5
3.2.4. Other debt liabilities	0.0	0.0	3.2.4. Trade credit and advances	0.0	0.0	0.0	0.0
<b>4. Other Sectors</b>	<b>1,670.0</b>	<b>1,708.6</b>	3.2.5. Other debt liabilities	0.0	0.0	0.0	0.0
<b>4.1 Short-term</b>	<b>989.6</b>	<b>940.8</b>	<b>4. Other Sectors</b>	<b>1,730.9</b>	<b>1,756.6</b>	60.9	48.0
4.1.1. Money market instruments	0.0	0.0	<b>4.1 Short-term</b>	<b>864.2</b>	<b>798.4</b>	-125.4	-142.4
4.1.2. Loans	5.1	11.1	4.1.1. Currency and deposits	0.0	0.0	0.0	0.0
4.1.3. Currency and deposits	0.0	0.0	4.1.2. Debt securities	0.0	0.0	0.0	0.0
4.1.4. Trade credits	807.7	751.3	4.1.3. Loans	56.5	47.0	51.4	35.9
4.1.5. Other debt liabilities	176.8	178.3	4.1.4. Trade credit and advances	807.7	751.3	0.0	0.0
Arrears	150.3	168.6	4.1.5. Other debt liabilities	0.0	0.0	-176.8	-178.3
Other	26.6	9.7	<b>4.2 Long-term</b>	<b>866.7</b>	<b>958.3</b>	186.3	190.4
<b>4.2 Long-term</b>	<b>680.4</b>	<b>767.9</b>	4.2.1. Currency and deposits	0.0	0.0	0.0	0.0
4.2.1. Bonds and notes	0.0	0.0	4.2.2. Debt securities	0.0	0.0	0.0	0.0
4.2.2. Loans	667.8	758.1	4.2.3. Loans	844.8	936.8	176.9	178.7
4.2.3. Currency and deposits	0.0	0.0	4.2.4. Trade credit and advances	22.0	21.4	17.3	17.8
4.2.4. Trade credits	4.7	3.6	4.2.5. Other debt liabilities	0.0	0.0	-7.9	-6.1
4.2.5. Other debt liabilities	7.9	6.1	<b>5. Direct investment: Intercompany lending</b>	<b>997.9</b>	<b>1,162.0</b>	-60.9	-48.0
<b>5. Direct investment: Intercompany lending</b>	<b>1,058.8</b>	<b>1,210.0</b>	<b>5.1. Debt liabilities of direct investment enterprises to direct investors</b>	<b>980.1</b>	<b>1,136.0</b>	<b>-60.9</b>	<b>-48.0</b>
5.1. Debt liabilities to affiliated enterprises	17.88	26.07	<b>5.1.1. Short-term</b>	<b>278.9</b>	<b>286.0</b>	-97.6	-200.7
Short-term	17.88	14.07	<b>5.1.2. Long-term</b>	<b>701.2</b>	<b>850.0</b>	36.7	152.7
Long-term	0.00	12.00	<b>5.2. Debt liabilities of direct investors to direct investment enterprises</b>	<b>17.9</b>	<b>26.1</b>	0.0	0.0
5.2. Debt liabilities to direct investors	1,040.94	1,183.95	<b>5.2.1. Short-term</b>	<b>16.6</b>	<b>12.9</b>	-1.2	-1.2
Short-term	376.48	486.71	<b>5.2.2. Long-term</b>	<b>1.2</b>	<b>13.2</b>	1.2	1.2
Long-term	664.46	697.24	<b>5.3. Debt liabilities to fellow enterprises</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
<b>Gross External Debt</b>	<b>5,171.67</b>	<b>5,210.09</b>	<b>5.3.1. Short-term</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
			<b>5.3.2. Long-term</b>	<b>0.0</b>	<b>0.0</b>	0.0	0.0
			<b>Gross External Debt</b>	<b>5,171.7</b>	<b>5,210.1</b>	0.0	0.0