



National Bank of the Republic of Macedonia Statistics Department

Skopje, 28 September 2018

Press Release

Revision of external statistics for 2016 and 2017

According to the international standards and policy for revision of external statistics data published in the Methodological explanations and the Programme for statistical research 2018 - 2022, the National Bank of the Republic of Macedonia makes regular annual revision of the published external statistics (balance of payments, gross external debt/claims and international investment position and transactions in direct investments).

The revision arises primarily from the need to include new data obtained from data sources conveyed at an annual basis, in order to improve the coverage and classification, i.e. the quality of the data presented.

More specifically, data are mainly revised for the following reasons:

- *Inclusion of data from annual surveys about investments into/from abroad for 2017.*
- *Revision of data on import and export of goods for 2016 for the purposes of including definitive data on foreign trade of goods for 2016.*
- *Crosscheck of the quality of data from the sources used, resulting in changes in the scope of data and/or reclassifications aimed to improve the coverage and quality of data for 2016 and 2017.*

Balance of payments

The data revision for 2016 increased the current account deficit by Euro 10.5 million, to Euro 275.5 million. The current account balance to GDP ratio increased from 2.7% to 2.8%, i.e. by 0.1 percentage point.

The revision reflects the inclusion of definitive foreign trade data for 2016 obtained from the Customs Administration of the Republic of Macedonia. In the current account, these revisions increased the trade deficit by Euro 4 million and reduced the surplus in services by Euro 6.5 million, with simultaneous increase in net trade credit liabilities in the financial account, of Euro 6.2 million.

The results of the data revision for 2017 show a decrease of the current account deficit by Euro 30.8 million, to Euro 102.9 million. As a result, the current account balance to GDP ratio decreased from 1.3% to 1%, i.e. by 0.3 percentage points for 2017.

The change in the balance of **primary income account** makes the largest contribution to the annual current account revision, where the negative balance decreased by Euro 26.4 million. The change primarily arises from the replacement of the estimated amount of newly created profit of



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foreign owned companies with the realized one, as well as the estimated amount of the newly created profit of residents' investments abroad.

Effects of the revision on the balance of payments in 2016 and 2017

(in millions of euros, in %)

	before revision		after revision		Change	
	2016	2017	2016	2017	2016	2017
I. Current account	-265.0	-133.7	-275.5	-102.9	-10.5	30.8
Goods	-1,808.9	-1,800.0	-1,812.9	-1,787.9	-4.0	12.1
Services	347.2	399.7	340.7	377.0	-6.5	-22.7
Primary income	-383.9	-424.0	-383.9	-397.5	0.0	26.4
Secondary income	1,580.5	1,690.6	1,580.6	1,705.5	0.0	15.0
II. Capital account, net	10.7	7.3	10.7	18.0	0.0	10.7
III. Financial account, net	-266.1	-148.6	-272.3	-94.5	-6.2	54.1
Direct investment, net	-316.9	-229.1	-316.9	-180.0	0.0	49.1
Portfolio investment, net	-429.2	17.3	-429.2	18.5	0.0	1.3
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net	141.8	209.2	135.6	213.0	-6.2	3.8
Other equity	-0.8	-0.3	-0.8	-0.3	0.0	0.0
Currency and deposits	279.0	248.9	279.0	248.5	0.0	-0.5
Loans	-106.1	33.0	-106.1	36.8	0.0	3.9
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	-30.3	-72.2	-36.5	-72.2	-6.2	0.0
Other accounts receivable/payable	0.0	-0.1	0.0	0.3	0.0	0.4
Special drawing rights (Net incurrence of liabilities)	0.0	0.1	0.0	0.1	0.0	0.0
Reserve assets	338.2	-146.0	338.2	-146.0	0.0	0.0
Net errors and omissions	-11.8	-22.2	-7.5	-9.6	4.3	12.6
Memorandum items						
Direct Investment abroad	21.6	-1.6	21.6	1.8	0.0	3.3
Direct Investment in reporting economy	338.4	227.5	338.4	181.7	0.0	-45.7
Current account, % of GDP	-2.7	-1.3	-2.8	-1.0	-0.1 p.p.	0.3 p.p.
Trade balance (f.o.b.) % of GDP	-18.6	-17.9	-18.6	-17.8	0.0 p.p.	0.1 p.p.
DI in reporting economy % of GDP	3.5	2.3	3.5	1.8	0.0 p.p.	-0.5 p.p.

Note: In the financial account, the sign (-) denotes net external inflows. In foreign reserves, the sign (+) denotes increase, whereas the sign (-) denotes decrease in foreign assets.

Source: NBRM, SSO.

The revision in the goods and services account reduced the surplus in services and the trade deficit by Euro 22.7 million and Euro 12.1 million, respectively. The changes are largely due to redistribution of part of net export of services (based on manufacturing services in the country) to net export of goods, as well as to better coverage of data on goods under merchandising.

Secondary income account registered Euro 15 million higher net inflows, mainly in the government sector, as a result of inclusion of the inflows based on dividend taxes collected from non-residents (Euro 14.4 million), which are only available through the annual survey for foreign investments.



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The revision in the **capital account** increased the surplus by Euro 10.7 million, primarily due to the transfer of the ownership in a domestic enterprise from a non-resident to a resident.

After the revision, the net inflows in the **financial account** reduced by Euro 54.1 million, with the most significant change being registered in direct investments (by Euro 49.1 million), and less in loans and portfolio investments (reduced net liabilities by Euro 3.9 million and Euro 1.3 million, respectively).

Within the category of direct investments, the change primarily arises from the replacement of the estimated amounts of newly created profit and dividends declared payable (dividends on accrual basis), with the realized amounts. Thus, the net acquisition of assets based on direct investments increased by Euro 5.2 million, while the net incurrence of liabilities was subject to downward revision of Euro 43.9 million. The decrease in this item is the result of all three sub-components, as follows: decrease in the amount of reinvested earnings of Euro 26.7 million, equity capital of Euro 14.3 million and liabilities based on intercompany debt of Euro 2.8 million.

After the revision, errors and omissions in the balance of payments reduced by Euro 12.6 million and amount to Euro 9.6 million (with a negative sign).

Data on foreign direct investments-flows, as well as the additional data for foreign direct investments presented by country and by activity, were revised accordingly.

Gross external debt, gross external claims and net external debt

The annual data revision reduced the gross external debt position and the gross external claims by Euro 30.9 million and Euro 4.8 million, respectively, thereby reducing the net foreign debt by Euro 26.1 million. Hence, the gross external debt for 2017 accounted for 73.2% of GDP (by 0.3 percentage points lower), while gross external claims are at the level of 44.9% of GDP (by 0.05 percentage points lower).

Analyzing by sectors, the revision in gross external debt affected the other sectors liabilities¹ (decrease of Euro 13.8 million), but also the intercompany lending (decrease of Euro 17.1 million).

The change in the gross external claims mainly reduced the intercompany claims (by Euro 4.3 million).

These changes reduced the net external debt by Euro 26.1 million, amid decrease in net debt of other sectors of Euro 13.3 million and in the net intercompany debt of Euro 12.8 million.

¹ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



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Effects of the revision on debt, claims and net debt in 2017
(in millions of euros, in %)

By resident sector	Gross External Debt			Gross External Claims			Net External Debt		
	Before revision	After revision	Change	Before revision	After revision	Change	Before revision	After revision	Change
1. General Government	2,565.9	2,565.9	0.0	0.0	0.0	0.0	2,565.9	2,565.9	0.0
2. Central Bank	78.2	78.2	0.0	2,096.8	2,096.8	0.0	-2,018.6	-2,018.6	0.0
3. Deposit-Taking Corporations, except the Central Bank	562.2	562.2	0.0	658.9	658.9	0.0	-96.7	-96.7	0.0
4. Other Sectors	2,112.3	2,098.5	-13.8	916.0	915.5	-0.5	1,196.3	1,183.0	-13.3
5. Direct investment: Intercompany lending	2,084.7	2,067.6	-17.1	850.8	846.5	-4.3	1,233.9	1,221.1	-12.8
Gross External Debt	7,403.4	7,372.5	-30.9	4,522.6	4,517.8	-4.8	2,880.8	2,854.7	-26.1
Gross External Debt % of GDP	73.6	73.2	-0.3 p.p.	44.9	44.9	0.0 p.p.	28.6	28.4	-0.3 p.p.

Source: NBRM, SSO.

International Investment Position

Revision of data within the international investment position, besides the changes in the debt instruments elaborated above, includes revisions of equity instruments, included within the direct and portfolio investments. The necessity for revising the equity instruments derives from the need of replacing the preliminary, estimated, amounts which are presented on a quarterly basis with data from the annual surveys for investments into/from abroad.

After the revision, the negative net IIP reduced by Euro 199.1 million and amounted to Euro 5.823 million, or 57.8% of GDP (decrease of 2 percentage points). The change is a result of the reduction of liabilities of Euro 204.6 million, with a simultaneous reduction of assets of Euro 5.5 million.

On the assets side, direct investments registered a downward revision of Euro 6.9 million, while other equity assets increased by Euro 1.9 million. Direct investments reduced equity capital² by Euro 2.7 million.

On the liabilities side, direct investments reduced by Euro 185.8 million, of which Euro 168.7 million are decrease in equity capital (Euro 41.1 million based on balance of payments transactions and Euro 127.6 million as a result of other changes in the stock of equity³) and Euro 17.1 million decrease in the intercompany debt. In addition, liabilities to non-residents reduced trade credits by Euro 14.1 million, and to a lesser extent, other equity and portfolio investments (by Euro 3.8 million and Euro 1.2 million, respectively).

Direct investments reduced net equity capital by Euro 166.1 million.

² Reinvested earnings included.

³ Other changes include a sum of exchange rate differences, price (value) changes, and other changes affecting the stock of the financial instrument, and do not represent transactions (e.g. change in the coverage of reporting entities, change in investor's resident status etc.). This year, for the first time, we have introduced a sample method when selecting reporting entities for foreign investments VS-22, despite the current reporting obligation according to the census method, i.e. an obligation to notify all enterprises with foreign capital investments. The sample provided coverage of about 97% of the data value, which caused a downward change in the equity position within direct investment liabilities of Euro 114.8 million. More detailed information on the methodological change was published in December 2017, within the Press Release for the changes in the notification of investments into / from abroad on the following link (available only in Macedonian):

http://www.nbrm.mk/content/statistika/Soopstenija/izvestuvanja/Soopstenie_za_promenite_za_izvestuvanjeto_za_vlozuvanjata_vo_od_stranstvo_19_12_2017.pdf



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Effects of the revision on IIP in 2017
(in millions of euros, in %)

	2017		
	Before revision	After revision	Change
IIP, net	-6,021.6	-5,822.5	199.1
Assets	5,162.8	5,157.3	-5.5
Liabilities	11,184.4	10,979.8	-204.6
<i>Sectors</i>			
IIP, net General Government	-2,562.0	-2,562.0	0.0
IIP, net Central Bank	2,258.7	2,258.7	0.0
IIP, net Deposit-Taking Corporations, Except Central Bank	-537.6	-557.2	-19.7
IIP, net Other Sectors	-5,180.7	-4,962.0	218.7
Assets	5,162.8	5,157.3	-5.5
Direct investment	974.6	967.6	-6.9
Portfolio investment	300.2	300.2	0.0
options	0.0	0.0	0.0
Other equity	0.8	2.8	1.9
Currency and deposits	635.5	635.5	0.0
Loans	56.2	56.1	-0.1
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	859.2	858.8	-0.4
Other accounts receivable/payable	0.1	0.1	0.0
Reserve assets	2,336.3	2,336.3	0.0
Liabilities	11,184.4	10,979.8	-204.6
Direct investment	5,783.9	5,598.1	-185.8
Portfolio investment	1,477.5	1,476.3	-1.2
options	0.0	0.0	0.0
Other equity	6.0	2.3	-3.8
Currency and deposits	195.2	195.2	0.0
Loans	2,871.6	2,872.0	0.3
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	771.9	757.7	-14.1
Other accounts receivable/payable	0.0	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	78.2	78.2	0.0
IIP, net/GDP (%)	-59.8	-57.8	2.0

Source: NBRM, SSO.



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Supporting information

Time series data and methodological explanations:

http://www.nbrm.mk/eksterni_statistiki-en.nspix

Next publications: Advance Release Calendar

http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix

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