



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 March 2021

Press Release

Significant changes in the external debt, external claims and international investment position: fourth quarter of 2020

At the end of the fourth quarter of 2020, **the gross external debt** total Euro 8,630 million and decreased on a quarterly basis by Euro 463 million. **Gross external claims** decreased by Euro 711 million to Euro 5,239 million. The larger quarterly decrease in claims relative to the reduction in liabilities increased **the net external debt** by Euro 248 million, and at the end of December 2020 it amounted to Euro 3,391 million. Thus the increase in the net external debt in the fourth quarter reflects the higher private net debt by Euro 262 million, given the decline in the public net debt by Euro 14 million.

External Debt and International Investment Position of the Republic of North Macedonia

	31.12.2019		30.09.2020		31.12.2020		Quarterly Change			change in respect to the end of the previous year		
	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	%	p.p.	mill. EUR	%	p.p.
Gross External Debt	8,154.4	72.7	9,093.7	84.5	8,630.3	80.2	-463.4	-5.1	-4.3	475.9	5.8	7.4
<i>Gross External Debt-Excluding Debt of the Central Bank from Repo Arrangements</i>	<i>8,154.4</i>	<i>72.7</i>	<i>8,869.2</i>	<i>82.4</i>	<i>8,630.3</i>	<i>80.2</i>	<i>-238.8</i>	<i>-2.7</i>	<i>-2.2</i>	<i>475.9</i>	<i>5.8</i>	<i>7.4</i>
Long-term debt	6,068.4	54.1	6,830.0	63.4	6,815.7	63.3	-14.4	-0.2	-0.1	747.2	12.3	9.2
Short-term debt	2,086.0	18.6	2,263.7	21.0	1,814.6	16.9	-449.0	-19.8	-4.2	-271.3	-13.0	-1.8
Public debt	3,836.6	34.2	4,644.6	43.1	4,301.4	40.0	-343.2	-7.4	-3.2	464.8	12.1	5.7
Private debt	4,317.8	38.5	4,449.1	41.3	4,328.9	40.2	-120.2	-2.7	-1.1	11.1	0.3	1.7
Gross External Claims	5,357.0	47.8	5,950.0	55.3	5,238.8	48.7	-711.2	-12.0	-6.6	-118.1	-2.2	0.9
<i>Gross external claims-excluding claims of the Central Bank from reverse repo arrangements</i>	<i>5,357.0</i>	<i>47.8</i>	<i>5,725.5</i>	<i>53.2</i>	<i>5,238.8</i>	<i>48.7</i>	<i>-486.6</i>	<i>-8.5</i>	<i>-4.5</i>	<i>-118.1</i>	<i>-2.2</i>	<i>0.9</i>
Net External Debt	2,797.4	25.0	3,143.7	29.2	3,391.5	31.5	247.8	7.9	2.3	594.1	21.2	6.5
IIP, net	-6,458.4	-57.6	-6,857.2	-63.7	-7,019.2	-65.2	-162.0	2.4	-1.5	-560.8	8.7	-7.6

*/The data on gross domestic product (GDP) for 2019 is preliminary, while the data for 2020 is estimated (source: State Statistical Office, Press Release Gross Domestic Product, fourth quarter of 2020 as of 2 March 2021).

Source: NBRNM, SSO.

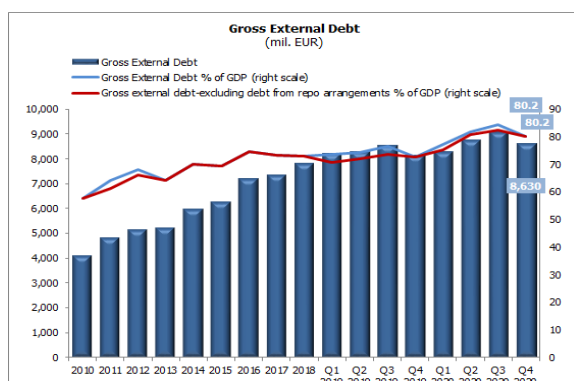
At the end of December 2020, the negative **net international investment position**¹ amounted to Euro 7,019 million, or 65.2% of the GDP estimated for 2020. Most of this amount (83%) is net liabilities on direct investments, of which 74% on equity.

¹ The international investment position (IIP) is a statistical report which presents the balances of the external financial assets and financial liabilities of the Republic of North Macedonia on a specific date, i.e. claims from and liabilities to nonresidents based on financial instruments. In addition, negative net international investment position means that the financial liabilities exceed the financial claims on non-residents.

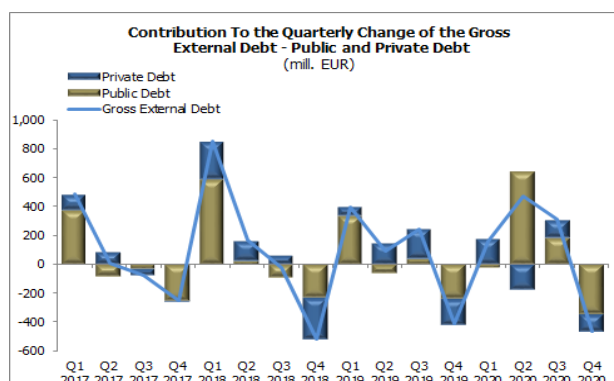


Gross external debt

At the end of December 2020, the gross external debt amounted to Euro 8,630 million (or 80.2% of the estimated GDP), which is a quarterly decrease of Euro 463 million (or by 5.1%). If we exclude the effect of the specific activities for managing the foreign reserves of the central bank² from the debt, gross debt registers quarterly decrease of Euro 239 million. This quarterly change is a result of the reduced private and public debt (by Euro 120 million and Euro 119 million, respectively). The fall in the private debt is explained by the reduced liabilities of intercompany lending (by Euro 148 million), contrary to the increased liabilities of the non-banking private sector and private banks (by Euro 14 million). Regarding the public external debt (excluding the specific activities for managing the foreign reserves of the central bank), a decrease was registered mainly in the government sector by Euro 95 million³ and in public banks and public enterprises (by Euro 22 million).



Source: NBRNM, SSO.



Compared to the end of 2019, the gross external debt is higher by Euro 476 million, or by 5.8% and almost entirely reflects the increased public debt (by Euro 465 million), and to a lesser extent the growth of the private debt (by Euro 11 million). The public debt growth is almost entirely explained by the increased liabilities of the government sector (by Euro 473 million), given the decline in the debt of public banks and public enterprises (by Euro 5 million). At the same time, the moderate growth of the private debt results from the increased liabilities of the non-banking

² The specific foreign reserves management activities of the central bank include repo agreements and other foreign reserves management operations. Repo transactions create liabilities (classified under the loan category) that increase gross debt. At the same time, claims created from reverse repo agreements tend to increase gross claims. The NBRNM usually executes these transactions simultaneously, in almost identical amounts. In general, as they are concluded simultaneously, these transactions have a neutral net effect as they appear in almost identical amount on both the liabilities and the assets side, and accordingly have no effect on the total net external debt.

³ The fourth issue of Eurobonds in the nominal amount of Euro 178 million was repaid.

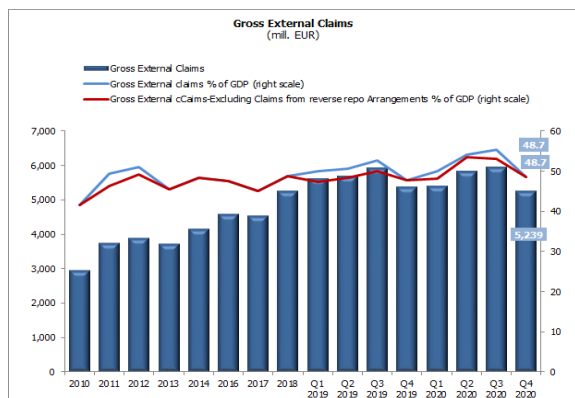


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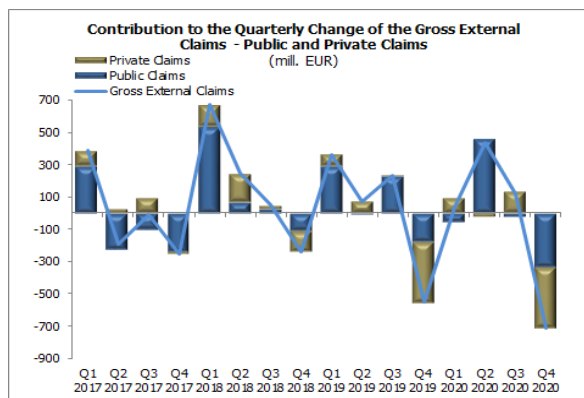
private sector and private banks (by Euro 31 million and Euro 24 million, respectively), contrary to the reduced liabilities of intercompany lending (by Euro 44 million).

Gross external claims

At the end of the fourth quarter of 2020, the gross external claims amounted to Euro 5,239 million (or 48.7% of the estimated GDP) and registered quarterly decrease of Euro 711 million (or by 12%). If we exclude the effect of the central bank specific activities related to foreign reserves management, the gross external claims are lower by Euro 487 million. This quarterly change is a result of the reduced private claims by Euro 382 million and a decline in the public claims by Euro 105 million. The fall in the private claims mainly results from the reduced claims of intercompany lending and other sectors, while the fall in the public claims is a result of the reduced claims of the central bank.



Source: NBRNM, SSO.



Compared to the end of the previous year, the external claims are lower by Euro 118 million as a result of the reduced private claims (by Euro 176 million), a decline partially offset by the increased public claims (by Euro 58 million). The fall in the private claims is explained by the reduced claims of intercompany lending (by Euro 185 million) and of deposit-taking corporations (by Euro 12 million), amid growth of the claims of the other sectors (by Euro 21 million). The growth of public claims reflects the increased central bank claims, within the foreign reserves.

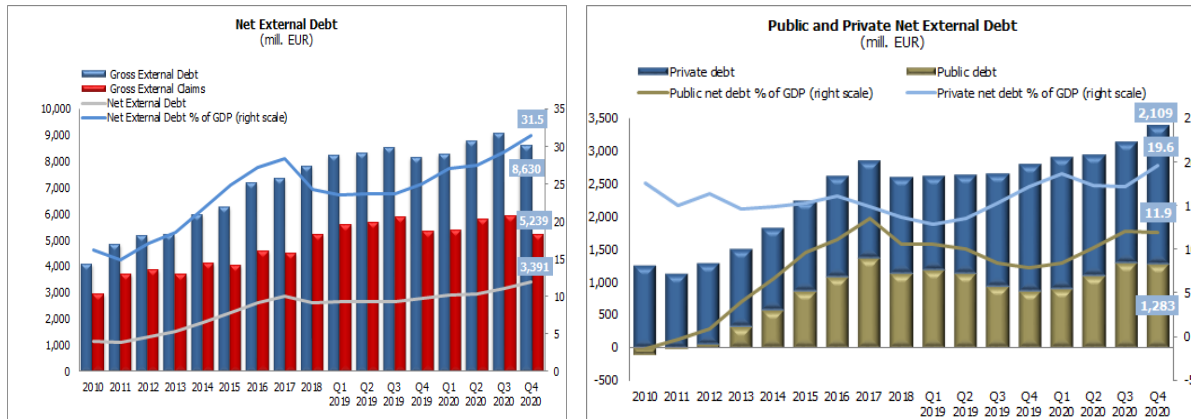
Net external debt

As of 31.12.2020, the net external debt equaled Euro 3,391 million (or 31.5% of the estimated GDP). In the fourth quarter of 2020, the net external debt of the country increased by Euro 248 million, or by 7.9%. Analyzing the structure, the private net debt (62%) still has a larger share in the total net debt.



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Compared to the end of 2019, the net external debt increased by Euro 594 million (or by 21.2%), as a result of the increased net public debt (by Euro 407 million) and the increased net private debt (by Euro 187 million).



Source: NBRNM, SSO.

International Investment Position, net

The negative net international investment position (IIP) during the fourth quarter of 2020 increased by Euro 162 million and amounted to Euro 7,019 million, representing 65.2% of the GDP estimated for 2020.

The quarterly increase in the negative net IIP reflects the faster decrease in assets (of Euro 677 million), compared to the reduction of liabilities (of Euro 515 million). Observed by instrument, the net liabilities based on debt instruments increased by Euro 248 million, while net liabilities based on equity instruments decreased by Euro 86 million.

Compared to the end of 2019, the negative net IIP increased by Euro 561 million, as a result of the increase in the net liabilities based on debt instruments (of Euro 594 million), given the decline in the net liabilities based on equity instruments (of Euro 33 million).



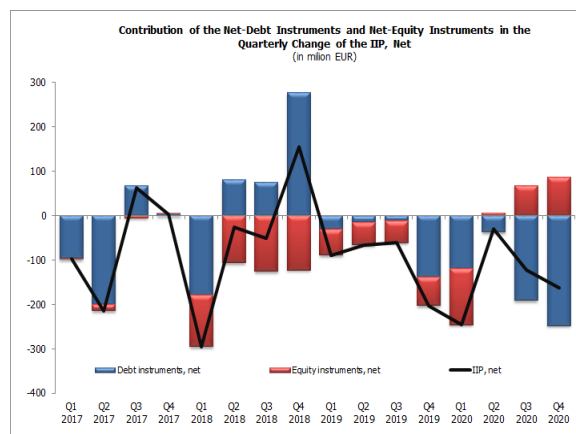
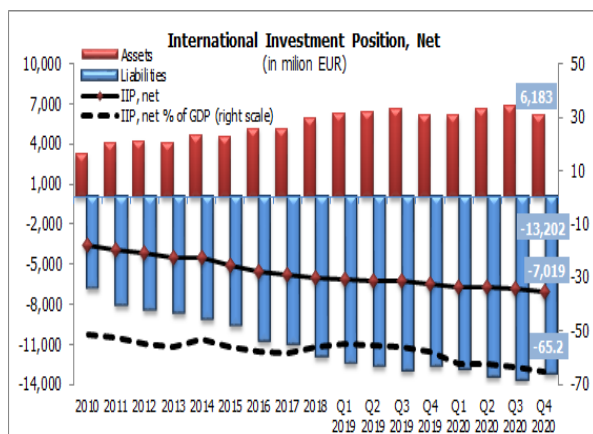
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International Investment Position of the Republic of North Macedonia

(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020
Net International Investment Position	-3,629.5	-3,965.8	-4,177.6	-4,558.4	-4,549.0	-5,082.7	-5,576.0	-5,822.5	-6,039.5	-6,128.1	-6,194.5	-6,255.3	-6,458.4	-6,704.2	-6,734.3	-6,857.2	-7,019.2
Assets	3,258.4	4,113.2	4,257.5	4,082.5	4,634.0	4,571.9	5,171.3	5,157.3	5,913.6	6,307.8	6,416.1	6,692.4	6,163.8	6,179.1	6,699.6	6,860.4	6,183.2
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	967.6	896.2	1,048.7	1,149.1	1,187.6	936.8	1,034.0	1,018.6	1,062.4	786.7
Portfolio investment	25.9	45.5	63.1	107.7	155.0	212.6	255.2	300.2	321.2	341.1	366.2	381.5	406.1	352.5	402.3	429.1	470.9
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	2.8	2.9	3.3	3.6	4.0	4.4	4.4	4.4	3.9	3.9
Currency and deposits	555.1	588.2	537.0	540.0	623.6	615.4	627.3	635.5	694.0	674.6	591.0	618.3	580.0	559.8	556.7	559.1	562.0
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	56.1	74.5	374.4	336.9	393.4	79.1	295.1	161.0	311.5	88.9
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	543.0	696.9	684.1	730.3	842.7	757.4	809.6	858.8	1,057.2	998.8	1,040.8	979.5	894.4	915.7	916.7	1,013.9	910.5
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.1	0.5	0.5	0.2	0.6	0.3	0.3	0.4	0.2	0.4
Reserve assets	1,714.5	2,068.9	2,193.3	1,993.0	2,436.5	2,261.8	2,613.4	2,336.3	2,867.1	2,866.4	2,928.2	3,127.5	3,262.6	3,017.3	3,639.7	3,480.2	3,359.9
Liabilities	6,887.9	8,079.0	8,435.1	8,640.8	9,183.0	9,654.6	10,747.3	10,979.8	11,953.0	12,435.9	12,610.6	12,947.7	12,622.2	12,883.3	13,434.0	13,717.6	13,202.5
Direct investment	3,514.8	3,914.4	4,146.8	4,485.7	4,378.3	4,951.3	5,392.2	5,598.1	6,141.3	6,256.0	6,400.2	6,588.3	6,580.0	6,839.9	6,809.7	6,846.3	6,647.4
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,476.3	1,813.2	1,822.8	1,828.6	1,783.4	1,730.7	1,655.7	2,288.3	2,288.2	2,102.5
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	4.1	4.4	4.3	6.0	2.3	4.2	4.2	4.1	4.1	4.0	4.1	4.1	4.2	4.3
Currency and deposits	195.8	134.0	198.7	168.4	157.7	148.5	174.2	195.2	206.2	208.7	221.5	207.9	254.2	259.6	276.5	238.6	253.3
Loans	2,028.5	2,785.9	2,771.8	2,883.1	3,024.4	2,961.7	3,014.7	2,872.0	2,883.4	3,202.6	3,181.9	3,312.7	3,100.9	3,190.5	3,204.9	3,407.8	3,283.7
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	673.8	841.7	832.8	773.2	763.4	656.7	714.6	757.7	824.8	860.4	894.1	916.4	871.1	852.3	770.4	853.7	832.4
Other accounts receivable/payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.9	0.0	0.0	0.0	0.0	1.4
Special drawing rights (Net incurrence of liabilities)	76.4	78.3	76.7	73.2	78.2	83.2	83.2	78.2	79.8	81.2	80.2	81.9	81.3	81.3	80.0	78.9	77.4

Source: NBRNM.



Source: NBRNM, SSO.

Data revisions

The data on the gross external debt and claims in this press release contain regular data revisions for the period January-September 2020. Changes in gross external debt and claims arise from the improved coverage of data on trade credits, advances and loans. Regarding the direction of changes, in the three quarters of 2020, the revision of the data led to an increase in the gross external debt in the first and the third quarters (of Euro 0.7 million and Euro 7.1 million, respectively) and a decrease in the debt in the second quarter (of Euro 0.4 million). In terms of the gross external claims, the revision of the data led to an increase in the claims in the second



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and the third quarters (of Euro 1 million and Euro 4.4 million, respectively). At the same time, these changes were also reflected in the net external debt as an increase in the net external debt in the first and the third quarters (of Euro 0.7 million and Euro 2.6 million, respectively) and a decrease in the net debt in the second quarter (of Euro 1.4 million).

The revision of the data on the international investment position, net, led to the increase in the negative IIP of Euro 8.2 million in the first, Euro 13.7 million in the second and Euro 25.3 million in the third quarter. Besides the changes in debt instruments, the revision also includes the changes in equity instruments, which are almost entirely a result of the new data obtained from the quarterly reports on the realized and planned financial result of companies with foreign direct investments.

Supporting information

Time series data - annual and quarterly data on gross external debt and gross external claims:
http://nbrm.mk/nadvoresen_dolg-en.nspix

Time series data - annual and quarterly data on international investment position:
http://nbrm.mk/megunarodna_investiciska_pozicija-en.nspix

Methodological explanations on gross external debt and claims:
http://nbrm.mk/content/statistika/ND/metodologija/Methodological_Notes_debt_5_2_2018.pdf

Methodological explanations on international investment position:
http://nbrm.mk/content/statistika/mip/metodologija/Methodology_IIP_BPM6_9_10_2018.pdf

Next publications: Advance Release Calendar:
https://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf

Quarterly gross external debt, gross external claims and international investment position: 30 June 2021 (reference period as of March 2021).

We kindly ask journalists to contact the Governor's Office for any queries.

For more details about the disseminated statistical data, please contact us at:
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