



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 30 September 2019

Press Release

Revision of external statistics for 2017 and 2018

According to the international standards and policy for revision of external statistics data published in the Methodological explanations, the National Bank of the Republic of North Macedonia makes regular annual revision of the published external statistics (balance of payments, gross external debt/claims and international investment position, as well as direct investment stocks and transactions).

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 2018.*
- *Revision of data on import and export of goods for 2017 for the purposes of including definitive data on foreign trade of goods for 2017.*
- *Crosscheck of the quality of data from the sources used that results in changes in the scope of data and/or reclassifications, aimed to improve coverage and quality of data for 2018.*

Balance of payments

*With the data revision for 2017, the **current account** deficit reached Euro 105.2 million, which is an increase of Euro 2.3 million. Current account balance to GDP increased from 1% to 1.1%, i.e. by 0.1 percentage point.*

The revision reflects the inclusion of definitive foreign trade data for 2017 obtained from the Customs Administration of the Republic of North Macedonia. With these revisions, the surplus in services decreased by Euro 2.2 million, while the trade deficit remained almost unchanged, with simultaneous rise in net trade credit liabilities in the financial account of Euro 3 million.

The results of the data revision for 2018 show a decrease in the current account deficit of Euro 17.1 million, to Euro 14.9 million. As a result, the current account deficit to GDP decreased from 0.3% to 0.1%, which is by 0.2 percentage points less for 2018.

The change in the balance of **secondary income account** made the largest contribution to the annual current account revision, where the positive balance increased by Euro 11.2 million. The change primarily results from the inclusion of inflows of dividend taxes paid by non-residents (Euro 9.8 million), which are only available through the annual foreign investment survey.



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Effects of the revision on the balance of payments in 2017 and 2018
(in millions of euros, in %)

	before revision		after revision		Change	
	2017	2018	2017	2018	2017	2018
I. Current account	-102.9	-31.9	-105.2	-14.9	-2.3	17.1
Goods	-1,787.9	-1,736.6	-1,787.3	-1,734.9	0.6	1.7
Services	377.0	357.8	374.7	362.2	-2.2	4.4
Primary income	-397.5	-450.5	-397.5	-450.7	0.0	-0.3
Secondary income	1,705.5	1,797.3	1,704.9	1,808.5	-0.7	11.2
II. Capital account, net	18.0	6.9	18.0	11.6	0.0	4.7
III. Financial account, net	-94.5	-7.5	-97.5	5.1	-3.0	12.6
Direct investment, net	-180.0	-621.9	-180.0	-603.7	0.0	18.2
Portfolio investment, net	18.5	-320.3	18.5	-320.3	0.0	0.0
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net	213.0	384.4	209.9	378.9	-3.0	-5.6
Other equity	-0.3	-0.9	-0.3	-1.4	0.0	-0.5
Currency and deposits	248.5	286.0	248.5	285.6	0.0	-0.4
Loans	36.8	-10.8	36.8	-7.2	0.0	3.5
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	-72.2	109.9	-75.2	101.7	-3.0	-8.3
Other accounts receivable/payable	0.3	0.2	0.3	0.2	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	0.1	0.1	0.1	0.1	0.0	0.0
Reserve assets	-146.0	550.3	-146.0	550.3	0.0	0.0
Net errors and omissions	-9.6	17.6	-10.3	8.4	-0.7	-9.2
Memorandum items						
Direct Investment abroad	1.8	2.6	1.8	10.4	0.0	7.8
Direct Investment in reporting economy	181.7	624.5	181.7	614.1	0.0	-10.4
Current account, % of GDP	-1.0	-0.3	-1.1	-0.1	0.0 p.p.	0.2 p.p.
Trade balance (f.o.b.) % of GDP	-17.9	-16.2	-17.8	-16.2	0.0 p.p.	0.0 p.p.
DI in reporting economy % of GDP	1.8	5.8	1.8	5.7	0.0 p.p.	-0.1 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: NBRSM, SSO.

Within the current account, revision was also made to the **services account**, which increased the surplus by Euro 4.4 million (increased net inflows in transport, other business services, construction services and telecommunications and computer services) and in the **goods account**, reducing the trade deficit by Euro 1.7 million (in intermediation). The revisions to these accounts primarily result from the changes in the sources used to improve data coverage and quality.

The revision of the **primary income** resulted in a minor change, i.e. by Euro 0.3 million higher net outflow. The increased net outflows of equity investment income (of Euro 3.5 million) were almost entirely offset by the reduced net interest income outflows (of Euro 3.2 million), mostly in other investment. The change in investment income primarily arises from the replacement of the estimated amount of newly generated profit of foreign owned companies with the actual one, as



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well as the estimated amount of profit of residents from investment abroad, while changes in other investment income result from the improved coverage of interest data on debt instruments.

The revision of the **capital account** increased the surplus by Euro 4.7 million, primarily due to the transfer of a domestic company ownership from a non-resident to a resident.

Net inflows in the **financial account** upon revision reduced by Euro 12.6 million, with the most significant change being registered in direct investments (lower net liabilities by Euro 18.2 million) and trade credits (increased net liabilities by Euro 8.3 million), and less in loans (lower net liabilities by Euro 3.5 million).

Within the category of direct investments, the changes are largely due to the inclusion of data from the annual survey which replaces the estimated amounts of newly generated profit and calculated dividends, as well as the crosschecks of data quality in the sources used. As a result, the net acquisition of assets based on direct investments decreased by Euro 3.2 million, while the net incurrence of liabilities was subject to downward revision of Euro 21.3 million. The decrease in this item is the result of the decrease in the intercompany debt, equity capital, and reinvested earnings of Euro 17.8 million, Euro 1.8 million and Euro 1.7 million, respectively.

Upon revision, the errors and omissions in the balance of payments reduced by Euro 9.2 million, to Euro 8.4 million (with a positive 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 63.8 million and Euro 17.7 million, respectively, thereby reducing the net foreign debt by Euro 46.1 million. Upon revision, the gross external debt for 2018, as a percentage of GDP, equaled 73.1%, decreasing by 0.6 percentage points, while gross external claims accounted for 48.8% of GDP, down by 0.2 percentage points.

Analyzing by sectors, the revision in gross external debt affected the other sectors liabilities¹ (decrease of Euro 46 million), but also the intercompany lending (decrease of Euro 17.8 million).

On the side of gross external claims, the other sectors decreased by Euro 14.6 million, while intercompany claims reduced by Euro 3.1 million.

The debt and claims changes reduced the net external debt by Euro 46.1 million, amid decreased net debt of other sectors and net intercompany debt by Euro 31.4 million and by Euro 14.7 million, respectively.

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 2018
(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	2,822.6	2,822.6	0.0	0.0	0.0	0.0	2,822.6	2,822.6	0.0
2. Central Bank	79.8	79.8	0.0	2,619.2	2,619.2	0.0	-2,539.4	-2,539.4	0.0
3. Deposit-Taking Corporations, except the Central Bank	568.4	568.4	0.0	735.2	735.2	0.0	-166.8	-166.8	0.0
4. Other Sectors	2,320.0	2,274.0	-46.0	1,121.7	1,107.1	-14.6	1,198.3	1,166.9	-31.4
5. Direct investment: Intercompany lending	2,116.7	2,098.9	-17.8	784.3	781.3	-3.1	1,332.4	1,317.6	-14.7
Gross External Debt	7,907.5	7,843.7	-63.8	5,260.4	5,242.7	-17.7	2,647.1	2,601.0	-46.1
Gross External Debt % of GDP	73.7	73.1	-0.6 p.p.	49.0	48.8	-0.2 p.p.	24.7	24.2	-0.4 p.p.

Source: NBRSM, SSO.

International Investment Position

Revision of data in the IIP report, besides the changes in the debt instruments elaborated above, includes changes in equities, included in direct and portfolio investment. 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.

*Upon revision, **the negative net IIP** increased by Euro 93.8 million and amounted to Euro 6.039.5 million, or 56.3% of GDP (an increase of 0.9 percentage points). The increase is a result of the rise in liabilities of Euro 60.9 million, with a simultaneous assets reduction of Euro 32.9 million.*

On the assets side, direct investments and trade credits registered a downward revision of Euro 19.4 million and Euro 14.5 million, respectively, while other equity assets increased by Euro 1.1 million. Direct investments reduced equity capital² by Euro 16.3 million.

² Reinvested earnings included.



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Effects of the revision on IIP in 2018
(in millions of euros, in %)

	2018		
	Before revision	After revision	Change
IIP, net	-5,945.6	-6,039.5	-93.8
Assets	5,946.5	5,913.6	-32.9
Liabilities	11,892.1	11,953.0	60.9
<i>Sectors</i>			
IIP, net General Government	-2,818.0	-2,818.0	0.0
IIP, net Central Bank	2,788.0	2,788.0	0.0
IIP, net Deposit-Taking Corporations, Except Central Bank	-469.4	-509.7	-40.4
IIP, net Other Sectors	-5,446.2	-5,499.7	-53.5
Assets	5,946.5	5,913.6	-32.9
Direct investment	915.6	896.2	-19.4
Portfolio investment	321.2	321.2	0.0
options	0.0	0.0	0.0
Other equity	1.8	2.9	1.1
Currency and deposits	694.0	694.0	0.0
Loans	74.6	74.5	-0.1
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	1,071.7	1,057.2	-14.5
Other accounts receivable/payable	0.5	0.5	0.0
Reserve assets	2,867.1	2,867.1	0.0
Liabilities	11,892.1	11,953.0	60.9
Direct investment	6,052.3	6,141.3	89.0
Portfolio investment	1,797.3	1,813.2	15.9
options	0.0	0.0	0.0
Other equity	2.2	4.2	2.0
Currency and deposits	206.2	206.2	0.0
Loans	2,929.3	2,883.4	-45.8
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	824.9	824.8	-0.2
Other accounts receivable/payable	0.0	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	79.8	79.8	0.0
IIP, net/GDP (%)	-55.4	-56.3	-0.9 p.p.

Source: NBRSM, SSO.

On the liabilities side, significant increase was registered in direct investment (of Euro 89 million), portfolio investment (of Euro 15.9 million) and other equity (of Euro 2 million), while loans registered a decrease in liabilities (of Euro 45.8 million). Observing direct investment, equity increased by Euro 106.8 million (Euro 110.3 million increase in other changes in equity stock³ and Euro 3.5 million negative net balance of payments transactions).

³ Other changes include the 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, changes in the reports for previous years etc.).



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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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For more information regarding the disseminated statistical data, please contact us at: contact.statistika@nbrm.mk or phone: 02 3215 181 extension 103 (or 110/108).