



## National Bank of the Republic of North Macedonia Statistics Department

Skopje, 30 September 2020

### Press Release

#### Revision of external statistics for 2018 and 2019

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 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 2019.*
- *Revision of data on import and export of goods for 2018 for the purposes of including definitive data on foreign trade of goods for 2018.*
- *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 2019.*
- *Methodological advancement of the calculation of Financial Intermediation Services Indirectly Measured (FISIM)*

#### **Balance of payments**

*The current account deficit for 2018, after data revision, amounted to Euro 7.1 million, i.e. Euro 7.8 million less, with the current account balance indicator to GDP being almost unchanged, i.e. 0.1%.*

The revision reflects the inclusion of definitive foreign trade data for 2018 obtained from the Customs Administration of the Republic of North Macedonia. In the current account, these revisions increased the trade deficit by Euro 1.4 million and the surplus in services by Euro 8.8 million, with simultaneous increase in net – assets of the trade credits within the financial account of Euro 7.7 million.

*The results of the revision for 2019 show an increase in the current account deficit of Euro 58.8 million, to Euro 372.3 million. In relative terms, the current account deficit to GDP for 2019 after revision increased from 2.8% to 3.3% (growth of 0.5 percentage points).*



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The change in the balance of **primary income account** makes the largest contribution to the annual current account revision, where the negative balance increased by Euro 71.3 million. This change primarily stems from the higher amount of newly generated profit by foreign owned companies compared to the estimated amount. At the same time, net outflows from debt instruments decreased, largely from other investments, mainly due to the better coverage of interest rate data.

Effects of the revision on the balance of payments in 2018 and 2019

(in millions of euros, in %)

	before revision		after revision		Change	
	2018	2019	2018	2019	2018	2019
<b>I. Current account</b>	<b>-14,9</b>	<b>-313,5</b>	<b>-7,1</b>	<b>-372,3</b>	<b>7,8</b>	<b>-58,8</b>
Goods	-1.734,9	-1.966,5	-1.736,2	-1.969,6	-1,4	-3,2
Services	362,2	339,7	370,9	349,8	8,8	10,2
Primary income	-450,7	-448,3	-450,7	-519,6	0,0	-71,3
Secondary income	1.808,5	1.761,6	1.808,9	1.767,1	0,4	5,5
<b>II. Capital account, net</b>	<b>11,6</b>	<b>4,8</b>	<b>11,6</b>	<b>8,2</b>	<b>0,0</b>	<b>3,4</b>
<b>III. Financial account, net</b>	<b>5,1</b>	<b>-241,2</b>	<b>12,8</b>	<b>-305,2</b>	<b>7,7</b>	<b>-64,0</b>
Direct investment, net	-603,7	-290,6	-603,7	-363,3	0,0	-72,7
Portfolio investment, net	-320,3	150,6	-320,3	151,2	0,0	0,6
Financial derivatives (other than reserves) and employee stock options	0,0	0,0	0,0	0,0	0,0	0,0
Other investment, net	378,9	-475,8	386,6	-467,6	7,7	8,2
Other equity	-1,4	0,0	-1,4	1,5	0,0	1,5
Currency and deposits	285,6	74,2	285,7	73,6	0,0	-0,7
Loans	-7,2	-231,4	-7,2	-225,2	0,0	6,3
Insurance, pension, and standardized guarantee schemes	0,0	0,0	0,0	0,0	0,0	0,0
Trade credit and advances	101,7	-318,3	109,4	-317,3	7,7	1,0
Other accounts receivable/payable	0,2	-0,2	0,2	-0,2	0,0	0,0
Special drawing rights (Net incurrence of liabilities)	0,1	0,0	0,1	0,0	0,0	0,0
Reserve assets	550,3	374,6	550,3	374,6	0,0	0,0
<b>Net errors and omissions</b>	<b>8,4</b>	<b>67,6</b>	<b>8,4</b>	<b>59,0</b>	<b>0,0</b>	<b>-8,6</b>
<b>Memorandum items</b>						
Direct Investment abroad	10,4	35,7	10,4	35,5	0,0	-0,2
Direct Investment in reporting economy	614,1	326,3	614,1	398,8	0,0	72,5
Current account, % of GDP	-0,1	-2,8	-0,1	-3,3	0.1 n.n.	-0.5 n.n.
Trade balance (f.o.b.) % of GDP	-16,2	-17,3	-16,2	-17,4	0.0 n.n.	0.0 n.n.
DI in reporting economy % of GDP	5,7	2,9	5,7	3,5	0.0 n.n.	0.6 n.n.

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: NBRNM, SSO.

In **services balance** after data revision, the surplus increases by Euro 10.2 million, as a result of the better data coverage (increased inflows from computer services), as well as due to the improved FISIM calculation methodology. The revision of **goods account** increases the trade deficit by Euro 3.2 million, due to the better coverage of the Customs Administration data.



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**Secondary income** account registered Euro 5.5 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 5.4 million), which are only available through the annual survey for foreign investments.

The **capital account** revision increased the surplus by Euro 3.4 million, primarily due to the changes in data sources that improve data scope and quality.

Net inflows in the financial account upon revision increased by Euro 64 million, with the most significant change being registered in direct investments (increased net liabilities by Euro 72.7 million), and loans (reduced net liabilities by Euro 6.3 million).

Within the category of direct investments, the change is primarily 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. As a result, the net acquisition of assets based on direct investments decreased by Euro 7.9 million, while the net incurrence of liabilities increased by Euro 64.8 million. The increased *net liabilities based on direct investments* arise from the reinvestment of earnings category (increase of Euro 73.9 million) and equity (an increase of Euro 1 million). Intercompany debt, on the other hand, reduces liabilities by Euro 10.1 million.

Analyzed by the directional principle of the investments, direct investments in the country, after revision, increased by Euro 72.5 million, and their share in GDP increased from 2.9% to 3.5% of GDP, i.e. by 0.6 percentage points.

Upon revision, **errors and omissions** in the balance of payments are reduced by Euro 8.6 million, and equal to Euro 59 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 36.8 million and Euro 26.3 million, respectively, thereby reducing the net external debt by Euro 10.4 million. The relative indicator, gross external debt as a percentage of GDP for 2019, equaled 71.9% after revision, decreasing by 0.3 percentage points, while gross external claims accounted for 47.2% of GDP, down by 0.2 percentage points.

Analyzing by sectors, the revision in gross external debt affected the other sectors liabilities<sup>1</sup> (decrease of Euro 21.3 million), as well as the intercompany lending (decrease of Euro 15.5 million).

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



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On the side of gross external claims, major change after revision was registered in intercompany claims data that reduced by Euro 25.7 million.

Net external debt reduced by Euro 10.4 million, given the decrease in net debt of other sectors of Euro 20.7 million amid increase in the net intercompany debt of Euro 10.3 million.

### Effects of the revision on debt, claims and net debt in 2019

(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	2,806.38	2,806.38	0.00	0.00	0.00	0.00	2,806.38	2,806.38	0.00
2. Central Bank	81.29	81.27	-0.02	2,960.71	2,960.71	0.00	-2,879.42	-2,879.43	-0.02
3. Deposit Taking Corporation, except the Central Bank	669.41	669.41	0.00	630.72	630.72	0.00	38.68	38.69	0.00
4. Other Sectors	2,443.78	2,422.49	-21.29	957.55	956.95	-0.60	1,486.23	1,465.54	-20.69
5. Direct Investment: Intercompany lending	2,190.31	2,174.84	-15.47	834.34	808.60	-25.74	1,355.97	1,366.24	10.27
<b>Gross External Debt</b>	<b>8,191.16</b>	<b>8,154.40</b>	<b>-36.77</b>	<b>5,383.32</b>	<b>5,356.98</b>	<b>-26.34</b>	<b>2,807.84</b>	<b>2,797.42</b>	<b>-10.43</b>
<b>Gross External Debt % of GDP</b>	<b>72.22</b>	<b>71.90</b>	<b>-0.32 n.n.</b>	<b>47.47</b>	<b>47.23</b>	<b>-0.23 n.n.</b>	<b>24.76</b>	<b>24.67</b>	<b>-0.09 n.n.</b>

Source: NBRNM, SSO.

### ***International Investment Position***

Debt instruments revision, included in the reports on gross external debt and gross external claims, had an appropriate effect on the IIP. Revision of data in the IIP report, besides the changes in the debt instruments includes changes in equities, included within the direct and portfolio investment. The revision of equity instruments derives from the need for replacing the provisional estimated data presented quarterly with data from the annual surveys on investments into/from abroad.

*Upon revision, **the negative net IIP** increased by Euro 65.3 million and amounted to Euro 6.458,4 million, or 56.9% of GDP (an increase of 0.6 percentage points). Changes in assets and liabilities led to an increase in the negative net IIP, with assets decreased by Euro 52 million, while liabilities increased by Euro 13.3 million.*

On the assets side, direct investments and loans were revised downward by Euro 52.9 million and Euro 1.9 million, respectively, while other equity assets and trade credits increased by Euro 1.6 million and Euro 1.3 million, respectively. The reduction of equity<sup>2</sup> (by Euro 27.2 million) and debt instruments (by Euro 25.7 million) contribute almost equally to the reduction of direct investments.

On the liabilities side, an increase was registered in direct investment (of Euro 25.5 million), portfolio investment (of Euro 9.4 million) and trade credits (of Euro 5.4 million), while loans registered a decrease (of Euro 26.7 million). Within direct investments, equity increased by Euro 40.9 million.

<sup>2</sup> Reinvested earnings included.



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Effects of the revision on IIP in 2019  
(in millions of euros, in %)

	2019		
	Before revision	After revision	Change
<b>IIP, net</b>	<b>-6,393.1</b>	<b>-6,458.4</b>	<b>-65.3</b>
Assets	6,215.7	6,163.8	-52.0
Liabilities	12,608.8	12,622.2	13.3
<i>Sectors</i>			
IIP, net General Government	-2,801.7	-2,801.7	0.0
IIP, net Central Bank	3,182.0	3,182.0	0.0
IIP, net Deposit Taking Corporation, Except Central Bank	-721.2	-809.1	-88.0
IIP, net Other Sectors	-6,052.1	-6,029.5	22.7
<b>Assets</b>	<b>6,215.7</b>	<b>6,163.8</b>	<b>-52.0</b>
Direct investment	989.8	936.8	-52.9
Portfolio investment	406.1	406.1	0.0
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0
Other equity	2.9	4.4	1.6
Currency and deposits	580.0	580.0	0.0
Loans	81.0	79.1	-1.9
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	893.1	894.4	1.3
Other accounts receivable/payable	0.3	0.3	0.0
Reserve assets	3,262.6	3,262.6	0.0
<b>Liabilities</b>	<b>12,608.8</b>	<b>12,622.2</b>	<b>13.3</b>
Direct investment	6,554.5	6,580.0	25.5
Portfolio investment	1,721.3	1,730.7	9.4
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0
Other equity	4.2	4.0	-0.2
Currency and deposits	254.2	254.2	0.0
Loans	3,127.6	3,100.9	-26.7
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	865.6	871.1	5.4
Other accounts receivable/payable	0.0	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	81.3	81.3	0.0
<b>IIP, net / GDP (%)</b>	<b>-56.4</b>	<b>-56.9</b>	<b>-0.6</b>

Source: NBRNM, SSO.

Within direct investments, net equity increased by Euro 68.1 million. The changes are mainly a result of the positive net balance of payments transactions, and less to other changes in the equity stock<sup>3</sup>.

<sup>3</sup> 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.).



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***Supporting information***

Time series data and methodological explanations:

[http://www.nbrm.mk/eksterni\\_statistiki-en.nsp](http://www.nbrm.mk/eksterni_statistiki-en.nsp)

Next publications: Advance Release Calendar

[http://www.nbrm.mk/kalendar\\_na\\_objavuvanje\\_na\\_podatoci-en.nsp](http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nsp)

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

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