

Skopje, 30 September 2021

Press Release

Revision of external statistics for 2019 and 2020

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 2020.*
- *Revision of data on import and export of goods for 2019 for the purposes of including definitive data on foreign trade of goods for 2019.*
- *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 and 2020.*

Balance of payments

The current account deficit for 2019, after data revision, amounted to Euro 368.3 million, i.e. Euro 4.1 million less, whereby the current account balance indicator to GDP remained unchanged.

The main reason behind the revision is the inclusion of the definitive data on foreign trade for 2019 obtained from the Customs Administration of the Republic of North Macedonia, as well as the improvement of the data quality through appropriate reclassification. The revision reduced the trade deficit in goods by Euro 20.8 million, reduced the surplus in services and secondary income by Euro 14.1 million and Euro 2.6 million, respectively, with simultaneous increase in net trade credit liabilities in the financial account of Euro 0.3 million.

The errors and omissions in the balance of payments reduced by Euro 4.5 million, to Euro 54.5 million (with a positive sign).

The results of the revision for 2020 show a decrease in the current account deficit of Euro 6.8 million, to Euro 366.2 million. In relative terms, the current account deficit to GDP for 2020 after revision decreased from 3.5% to 3.4% (fall of 0.1 percentage points).

The annual revision of the sub-balance of the **primary income** resulted in a decrease in the deficit of Euro 0.9 million. The replacement of the estimated amounts of newly created profit with the achieved financial result indicates higher net outflows than the estimates by Euro 1.6 million.



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At the same time, the income from debt instruments reduced the net outflows by Euro 2.5 million due to the improved coverage of interest rate data.

Effects of the revision on the balance of payments in 2019 and 2020

(in millions of euros, in %)

	before revision		after revision		Change	
	2019	2020	2019	2020	2019	2020
I. Current account	-372,3	-373,0	-368,3	-366,2	4,1	6,8
Goods	-1.969,6	-1.808,8	-1.948,8	-1.804,6	20,8	4,1
Services	349,8	431,8	335,7	426,5	-14,1	-5,3
Primary income	-519,6	-412,4	-519,6	-411,5	0,0	0,9
Secondary income	1.767,1	1.416,4	1.764,4	1.423,4	-2,6	7,1
II. Capital account, net	8,2	9,3	8,2	11,2	0,0	2,0
III. Financial account, net	-305,2	-333,3	-305,6	-329,0	-0,4	4,3
Direct investment, net	-363,3	-205,7	-363,3	-154,7	0,0	51,0
Portfolio investment, net	151,2	-283,8	151,2	-283,8	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	-467,6	41,5	-468,1	-5,2	-0,4	-46,7
Other equity	1,5	-0,8	1,5	-0,8	0,0	0,0
Currency and deposits	73,6	489,4	73,4	489,0	-0,1	-0,4
Loans	-225,2	-269,4	-225,2	-268,7	0,0	0,7
Insurance, pension, and standardized guarantee schemes	0,0	0,0	0,0	0,0	0,0	0,0
Trade credit and advances	-317,3	-176,6	-317,6	-223,6	-0,3	-47,0
Other accounts receivable/payable	-0,2	-1,2	-0,2	-1,2	0,0	0,0
Special drawing rights (Net incurrence of liabilities)	0,0	-0,1	0,0	-0,1	0,0	0,0
Reserve assets	374,6	114,6	374,6	114,6	0,0	0,0
Net errors and omissions	59,0	30,4	54,5	25,9	-4,5	-4,5
Memorandum items						
Direct Investment abroad	35,5	34,2	35,5	46,7	0,0	12,6
Direct Investment in reporting economy	398,8	239,8	398,8	201,4	0,0	-38,4
Current account, % of GDP	-3,3	-3,5	-3,3	-3,4	0.0 p.p.	0.1 p.p.
Trade balance (f.o.b.) % of GDP	-17,4	-16,8	-17,4	-16,8	0.0 p.p.	0.0 p.p.
DI in reporting economy % of GDP	3,5	2,2	3,6	1,9	0.0 p.p.	-0.4 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: NBRNM, SSO.

Secondary income account registered Euro 7.1 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 6.2 million), which are only available through the annual survey for foreign investments.

The data revision of the **balance on trade in services** reduced the surplus by Euro 5.3 million, while the revision of the **balance on trade in goods** decreased the trade deficit by Euro 4.1



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million as a result of the improved coverage and classification of the data obtained from the Customs Administration.

The **capital account** revision increased the surplus by Euro 2 million, primarily due to the changes in data sources that improve data scope and quality.

Net inflows in the **financial account** upon revision decreased by Euro 4.3 million, with the most significant change being registered in direct investments (decreased net liabilities by Euro 51 million), and trade credits (increased net liabilities by Euro 47 million).

Within the category of direct investments, the change is a result of 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 increased by Euro 4.5 million, while the net incurrence of liabilities was decreased by Euro 46.4 million. The reduced *net liabilities on direct investments* result from the category of intercompany lending (reduced liabilities by Euro 32.5 million) and reinvestment of earnings (reduced liabilities by Euro 16.2 million), while the changes in equity increased the net liabilities on direct investments by Euro 2.3 million.

Analyzed by investments direction, direct investments in the country, after revision, decreased by Euro 38.4 million, and their share in GDP decreased from 2.2% to 1.9% of GDP, i.e. by 0.4 percentage points.

Upon revision, **errors and omissions** in the balance of payments reduced by Euro 4.5 million, to Euro 25.9 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 94.2 million and Euro 2 million, respectively, thereby reducing the net foreign debt by Euro 92.2 million. The relative indicator, gross external debt as a percentage of GDP for 2020, equaled 79.3% after revision, decreasing by 0.9 percentage points, while gross external claims accounted for 48.6% of GDP and remained unchanged.



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Analyzing by sectors, the revision in gross external debt affected the intercompany lending (decrease of Euro 73 million), as well as the other sectors liabilities¹ (decrease of Euro 21.2 million).

On the side of gross external claims, major change after revision was registered in other sectors data that reduced by Euro 10 million, while intercompany claims and deposit institutions claims increased by Euro 6.9 million and Euro 1.1 million, respectively.

Net external debt decreased by Euro 92.2 million, mostly as a result of the reduction of the net intercompany lending by Euro 79.9 million.

Effects of the revision on debt, claims and net debt in 2020
(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	3.279,7	3.279,7	0,0	0,0	0,0	0,0	3.279,7	3.279,7	0,0
2. Central Bank	77,4	77,4	0,0	3.018,8	3.018,8	0,0	-2.941,3	-2.941,3	0,0
3. Deposit Taking Corporation, except the Central Bank	717,0	717,0	0,0	619,0	620,1	1,1	98,0	96,9	-1,1
4. Other Sectors	2.425,4	2.404,2	-21,2	977,9	967,9	-10,0	1.447,5	1.436,3	-11,2
5. Direct Investment: Intercompany lending	2.130,8	2.057,8	-73,0	623,2	630,1	6,9	1.507,6	1.427,7	-79,9
Gorss External Debt	8.630,3	8.536,1	-94,2	5.238,8	5.236,8	-2,0	3.391,5	3.299,3	-92,2
Gorss External Debt % of GDP	80,2	79,3	-0,9	48,7	48,6	0,0	31,5	30,6	-0,9

Source: NBRNM, SSO.

International Investment Position

Revision of data in the IIP report, besides the changes in the debt instruments, elaborated in the reports on gross external debt and gross external claims, includes changes in the equity instruments, mainly included in direct and portfolio investment. The revision of equity instruments derives from the need for replacing the preliminary estimated data published on a quarterly basis with data from the annual surveys on investments into/from abroad.

After the revision, the negative net IIP reduced by Euro 118.6 million and amounted to Euro 6,900.6 million, or 64.1% of GDP (decrease of 1.1 percentage points). The reduction of the negative net IIP arises from the decrease in liabilities of Euro 129.4 million, amid reduction of assets of Euro 10.8 million.

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



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Effects of the revision on IIP in 2020
(in millions of euros, in %)

	2020		
	Before revision	After revision	Change
IIP, net	-7.019,2	-6.900,6	118,6
Assets	6.183,2	6.172,5	-10,8
Liabilities	13.202,5	13.073,1	-129,4
<i>Sectors</i>			
IIP, net General Government	-3.275,0	-3.275,0	0,0
IIP, net Central Bank	3.283,1	3.283,1	0,0
IIP, net Deposit Taking Corporation, Except Central Bank	-895,9	-957,9	-61,9
IIP, net Other Sectors	-6.131,4	-5.950,8	180,6
Assets	6.183,2	6.172,5	-10,8
Direct investment	786,7	784,3	-2,4
Portfolio investment	470,9	470,9	0,0
Financial derivatives (other than reserves) and employee stock options	0,0	0,0	0,0
Other equity	3,9	4,5	0,6
Currency and deposits	562,0	562,9	0,9
Loans	88,9	87,3	-1,6
Insurance, pension, and standardized quarantine schemes	0,0	0,0	0,0
Trade credit and advances	910,5	902,3	-8,3
Other accounts receivable/payable	0,4	0,4	0,0
Reserve assets	3.359,9	3.359,9	0,0
Liabilities	13.202,5	13.073,1	-129,4
Direct investment	6.647,4	6.537,1	-110,3
Portfolio investment	2.102,5	2.103,8	1,3
Financial derivatives (other than reserves) and employee stock options	0,0	0,0	0,0
Other equity	4,3	5,0	0,8
Currency and deposits	253,3	253,3	0,0
Loans	3.283,7	3.267,2	-16,5
Insurance, pension, and standardized quarantine schemes	0,0	0,0	0,0
Trade credit and advances	832,4	827,8	-4,6
Other accounts receivable/payable	1,4	1,4	0,0
Special drawing rights (Net incurrence of liabilities)	77,4	77,4	0,0
IIP, net/GDP (%)	-65,2	-64,1	1,1

Source: NBRNM, SSO.



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On the assets side, trade credits, direct investments and loans registered a downward revision of Euro 8.3 million, Euro 2.4 million and Euro 1.6 million, respectively, while the assets on currency and deposits and other equity increased by Euro 0.9 million and Euro 0.6 million, respectively. The reduction of direct investments entirely results from the reduction of equity² (Euro 9.3 million), in conditions of an increase in debt instruments (of Euro 6.9 million).

On the liabilities side, the reduction mostly arises from direct investments and loans (by Euro 110.3 million and Euro 16.5 million, respectively), and to a lesser extent from trade credits (by Euro 4.6 million). An increase in liabilities was registered in portfolio investments (by Euro 1.3 million) and other equity (Euro 0.8 million). Within the direct investments, intercompany lending is reduced by Euro 73 million, while equity decreased by Euro 37.3 million.

Net direct investments reduced by Euro 107.9 million mainly as a result of the decrease in intercompany lending, mostly due to the revision in short-term trade credits.

Supporting information

Time series data and methodological explanations:

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

Next publications: Advance Release Calendar

https://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).

² Reinvested earnings included.