



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

Skopje, 29 September 2023

### Press Release

#### Revision of external statistics for the period 2021 - 2022

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 2022.*
- *Revision of data on import and export of goods for 2021 for the purposes of including definitive data on foreign trade of goods for 2021.*
- *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 2022.*

#### **Balance of payments**

*The results of the revision for 2022 show an increase in the current account deficit of Euro 24.9 million, to Euro 797.4 million. In relative terms, the current account deficit to GDP for 2022 after revision increased from 6% to 6.2% (increase of 0.2 percentage points).*

This year, the **balance on trade in goods** is the most significant component affecting the current account revision, which is aimed at increasing the trade deficit by Euro 28.2 million. The most significant revision was registered in the goods under merchanting, for the purpose of better classification of data.

Data revision of the **balance on trade in services** is aimed at increasing the surplus by Euro 11.1 million, as a result of the improved coverage and reclassification of the data from the source international transaction reporting system and from customs declarations. More significant change was registered in transport services, aimed at increasing net inflows by Euro 11.5 million.

The change in the sub-balance of **primary income**, increased the deficit by Euro 10.4 million. The revision is the result of the replacement of the estimated amounts of newly created profit with the achieved financial result, which show slightly higher net outflows than estimated by Euro



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10.7 million. The increased outflows result from the higher newly created profit for 2022 in direct investments in the country by Euro 20.2 million. Direct investments abroad acted in the opposite direction, and registered higher inflows by Euro 9.5 million as a result of the higher newly created profit than estimated.

### Effects of the revision on the balance of payments in 2021 and 2022

(in millions of euros, in %)

	before revision		after revision		Change	
	2021	2022	2021	2022	2021	2022
<b>I. Current account</b>	<b>-366.4</b>	<b>-772.4</b>	<b>-329.0</b>	<b>-797.4</b>	<b>37.4</b>	<b>-24.9</b>
Goods	-2,370.3	-3,452.8	-2,336.9	-3,481.0	33.5	-28.2
Services	495.9	740.8	497.9	751.9	2.0	11.1
Primary income	-521.3	-558.1	-519.4	-568.4	1.9	-10.4
Secondary income	2,029.4	2,497.6	2,029.4	2,500.2	0.0	2.5
<b>II. Capital account, net</b>	<b>7.1</b>	<b>-3.6</b>	<b>7.1</b>	<b>0.0</b>	<b>0.0</b>	<b>3.6</b>
<b>III. Financial account, net</b>	<b>-297.3</b>	<b>-719.1</b>	<b>-264.2</b>	<b>-756.1</b>	<b>33.2</b>	<b>-37.0</b>
Direct investment, net	-387.5	-670.2	-387.5	-654.2	0.0	16.0
Portfolio investment, net	-115.9	-52.1	-115.9	-52.1	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	-98.5	-268.3	-65.4	-321.3	33.2	-53.0
Other equity	-0.3	-3.5	-0.3	-3.2	0.0	0.3
Currency and deposits	433.1	383.9	433.0	383.0	-0.1	-0.9
Loans	-248.9	-366.4	-248.9	-372.7	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	-120.8	-281.0	-87.6	-321.7	33.3	-40.7
Other accounts receivable/payable	1.9	-0.7	1.9	-5.7	0.0	-5.0
Special drawing rights (Net incurrence of liabilities)	163.4	0.7	163.4	1.0	0.0	0.4
Reserve assets	304.7	271.6	304.7	271.6	0.0	0.0
<b>Net errors and omissions</b>	<b>61.9</b>	<b>57.0</b>	<b>57.7</b>	<b>41.3</b>	<b>-4.2</b>	<b>-15.7</b>
<b>Memorandum items</b>						
Direct Investment abroad	83.0	83.6	83.0	90.8	0.0	7.2
Direct Investment in reporting economy	470.5	753.8	470.5	745.0	0.0	-8.8
Current account, % of GDP	-3.1	-6.0	-2.8	-6.2	0.3 p.p.	-0.2 p.p.
Trade balance (f.o.b.) % of GDP	-20.3	-26.8	-20.0	-27.0	0.3 p.p.	-0.2 p.p.
DI in reporting economy % of GDP	4.0	5.8	4.0	5.8	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: NBRNM, SSO.

The revision increased the surplus in the **secondary income sub-balance** by Euro 2.5 million. The inclusion of data on the tax charged to/paid by investors during the transfer of profit, obtained from the annual survey about investments into/from abroad increased the net inflows by Euro 5.9 million, mainly in the government sector. The changes in other components acted in the opposite direction.

The **capital account** revision decreased the deficit by Euro 3.6 million, primarily due to the improved coverage of data in the sources.



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The net inflows in the **financial account**, after the revision, increased by Euro 37 million, mostly as a result of the increased net liabilities based on trade credits (by Euro 40.7 million), while net liabilities based on direct investments decreased by Euro 16 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. Hence, net liabilities decreased by Euro 15 million, while net assets increased by Euro 0.9 million. The reduced *net liabilities on direct investments* mostly result from the category of intercompany debt by Euro 55.3 million, but also from the changes in equity where net liabilities decreased by Euro 2.2 million. Changes in reinvestment of earnings had an opposite effect, i.e. increased liabilities by Euro 42.5 million.

Analyzed by investments direction, direct investments in the country, after revision, decreased by Euro 8.8 million, and their share in GDP decreased by 0.1 percentage points.

Analyzing other investments, a more significant revision was registered in trade credits by increasing net liabilities by Euro 40.7 million, as a result of the improved redistribution of short-term trade credits between affiliated and unaffiliated enterprises, as well as the improved data coverage from the international transaction reporting system. Net liabilities based on loans increased by Euro 6.3 million.

Upon revision, **errors and omissions in the balance of payments reduced by Euro 15.7 million**, to Euro 41.3 million (with a positive sign).

*The current account deficit for 2021 amounted to Euro 329 million, i.e. Euro 37.4 million less, whereby the current account balance indicator to GDP was reduced from 3.1% to 2.8% (fall of 0.3 percentage points).*

The main reason behind the 2021 revision is the inclusion of the definitive data on foreign trade for 2021 obtained from the Customs Administration of the Republic of North Macedonia. The revision reduced the deficit of trade in goods by Euro 33.5 million and increased the surplus in trade in services by Euro 2 million. This also reduced the liabilities on the basis of trade credits by Euro 33.3 million.

The errors and omissions in the balance of payments reduced by Euro 4.2 million, to Euro 57.7 million (with a positive sign).

### ***Gross external debt, gross external claims and net external debt***

The annual data revision decreased the gross external debt and the gross external claims (by Euro 65.8 million and Euro 28.9 million, respectively) which decreased the net external debt by Euro 36.9 million. The relative indicator, gross external debt as a percentage of GDP for 2022,



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equaled 83.7% after revision, decreasing by 0.5 percentage points, while gross external claims accounted for 50.2% of GDP, which is a decrease of 0.2 percentage points.

On the side of gross external debt, analyzed by sectors, the revision reduced intercompany lending (by Euro 37.1 million), liabilities of other sectors (by Euro 28.3 million) and the government sector (by Euro 0.8 million), amid rise of central bank liabilities (by Euro 0.4 million).

### Effects of the revision on debt, claims and net debt in 2022

(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	3,432.2	3,431.5	-0.8	0.0	0.0	0.0	3,432.2	3,431.5	-0.8
2. Central Bank	694.9	695.2	0.4	3,631.1	3,631.1	0.0	-2,936.3	-2,935.9	0.4
3. Deposit Taking Corporation, except the Central Bank	957.7	957.7	0.0	733.5	733.5	0.0	224.2	224.2	0.0
4. Other Sectors	2,824.4	2,796.1	-28.3	1,316.8	1,298.2	-18.5	1,507.7	1,497.9	-9.7
5. Direct Investment: Intercompany lending	2,946.6	2,909.4	-37.1	825.7	815.4	-10.3	2,120.8	2,094.0	-26.8
<b>Gorss External Debt</b>	<b>10,855.8</b>	<b>10,790.0</b>	<b>-65.8</b>	<b>6,507.1</b>	<b>6,478.3</b>	<b>-28.9</b>	<b>4,348.6</b>	<b>4,311.7</b>	<b>-36.9</b>
<b>Gorss External Debt % of GDP</b>	<b>84.2</b>	<b>83.7</b>	<b>-0.5</b>	<b>50.5</b>	<b>50.2</b>	<b>-0.2</b>	<b>33.7</b>	<b>33.4</b>	<b>-0.3</b>

Source: NBRNM, SSO.

On the side of gross external claims, major change after revision was registered in other sectors data that decreased by Euro 18.5 million, while intercompany claims decreased by Euro 10.3 million.

These changes reduced the net external debt by Euro 36.9 million for 2022, primarily as a result of the reduction of intercompany lending by Euro 26.8 million and other sectors by Euro 9.7 million.

### ***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 3 million and amounted to Euro 8,147.8 million, i.e. the relative indicator net IIP as % of GDP remained at the same level of 63.2%. The reduction of the negative net IIP arises from the decrease in liabilities of Euro 42.8 million, amid simultaneous reduction of assets of Euro 39.8 million.*

On the assets side, direct investments, trade credits and loans decreased (by Euro 24.1 million, Euro 15.7 million and Euro 2.8 million, respectively), while other equity increased by Euro 2.9



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million. The reduction of direct investments results almost equally from the reduction of equity<sup>1</sup> (Euro 13.7 million) and debt instruments (by Euro 10.3 million).

Effects of the revision on IIP in 2022

(in millions of euros, in %)

	2022		
	Before revision	After revision	Change
<b>IIP, net</b>	<b>-8,150.8</b>	<b>-8,147.8</b>	<b>3.0</b>
Assets	7,687.9	7,648.1	-39.8
Liabilities	15,838.7	15,795.9	-42.8
<i>Sectors</i>			
IIP, net General Government	-3,425.8	-3,425.0	0.8
IIP, net Central Bank	3,313.4	3,313.0	-0.4
IIP, net Deposit Taking Corporation, Except Central Bank	-1,245.2	-1,330.0	-84.8
IIP, net Other Sectors	-6,793.1	-6,705.7	87.4
<b>Assets</b>	<b>7,687.9</b>	<b>7,648.1</b>	<b>-39.8</b>
Direct investment	1,020.3	996.2	-24.1
Portfolio investment	695.3	695.3	0.0
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0
Other equity	3.1	6.0	2.9
Currency and deposits	653.5	653.5	0.0
Loans	224.4	221.6	-2.8
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	1,228.2	1,212.4	-15.7
Other accounts receivable/payable	0.3	0.3	0.0
Reserve assets	3,862.9	3,862.9	0.0
<b>Liabilities</b>	<b>15,838.7</b>	<b>15,795.9</b>	<b>-42.8</b>
Direct investment	7,864.9	7,853.6	-11.3
Portfolio investment	2,110.2	2,106.7	-3.5
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0
Other equity	3.4	3.3	0.0
Currency and deposits	471.0	471.0	0.0
Loans	4,058.4	4,043.3	-15.1
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	1,080.7	1,062.6	-18.2
Other accounts receivable/payable	0.0	5.0	5.0
Special drawing rights (Net incurrence of liabilities)	250.1	250.5	0.4
<b>IIP, net/GDP (%)</b>	<b>-63.2</b>	<b>-63.2</b>	<b>0.0</b>

Source: NBRNM, SSO.

<sup>1</sup> Reinvested earnings included.



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On the liabilities side, the reduction results from trade credits (by Euro 18.2 million), loans (by Euro 15.1 million), direct investments (by Euro 11.3 million) and portfolio investments (by Euro 3.5 million), while other payment accounts increased (by Euro 5 million). The reduction of direct investments entirely results from intercompany lending (by Euro 37.1 million), while equity increased (by Euro 25.8 million).

Direct investments, net, increased by Euro 12.8 million as a result of the increase in equity, while intercompany lending registered a net decrease.

### ***Supporting information***

Time series data and methodological explanations:

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

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