

Balance of Payments of the Republic of Belarus (analytic presentation)

General Provisions

The balance of payments of the Republic of Belarus is a statistical statement that summarizes transactions between residents of the Republic of Belarus and nonresidents during a period. It consists of the goods and services account, the primary income account, the secondary income account, the capital account, and the financial account.

The Balance of Payments of the Republic of Belarus is compiled on a quarterly basis and is published in the information bulletin of the National Bank of the Republic of Belarus and on the Internet.

The Balance of Payments is compiled by the National Bank according to the methodological recommendations of the 6th Edition of the Balance of Payments and International Investment Position Manual (IMF, 2009) and other relevant IMF editions.

The main sources of data for compiling the balance of payments are reports concerning international transactions of residents of the Republic of Belarus filed by the deposit-taking corporations, the National bank, nonfinancial corporations, the National Statistical Committee of the Republic of Belarus, the Ministry of Finance, the Ministry of Interior, the State Customs Committee, other authorities, as well as estimates of the National Bank.

Balance of Payments is compiled in U.S. dollars and Belarusian rubles.

To ensure the best accuracy and completeness of statistics, the data of the balance of payments for the previous periods are updated.

Analytic and standard presentations of the balance of payments are being compiled.

Table "The Balance of Payments of the Republic of Belarus" is the analytic presentation of the balance of payments, which shows to what extent the economy of the Republic of Belarus depends on the outside world. The analytic presentation is derived from the standard presentation by singling out from financial accounts of the balance of payments transactions relating to changes in the official reserve assets and closely related items, credit IMF, and loans to deal with payments imbalances, and exceptional financing transactions.

Description of Selected Indicators

The **current account** shows flows of goods, services, primary income, and secondary income between residents of the Republic of Belarus and nonresidents.

The current account balance shows the difference between the sum of exports and income receivable and the sum of imports and income payable (exports and imports refer to both goods and services, while income to both primary and secondary income).

The "**Goods**" item includes the value of goods title to which during the reporting period has passed from residents to nonresidents (exports) and from nonresidents to residents (imports). Exports and imports of goods are shown in FOB prices¹. Apart from export and import of goods, transactions involving goods under merchanting are also included.

Merchanting is defined as the purchase of goods by a resident of the Republic of Belarus from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present in the compiling economy.

¹ Statistical assessment of goods on the fob terms (fob-free on board) includes along with the price of the good all expenses related to its delivery to the board of a ship including its loading on board. In case of an overland transportation the fob price means the price of the good on the daf terms (delivered at frontier of the exporting country) (franco-land frontier of the exporting country), which along with the price of the good includes the expenses related to its delivery at the frontier of the exporting country.

The “**Services**” item includes export/import transactions involving services. There are the following types of services: manufacturing services on physical inputs owned by others; transport (including postal and courier services); travel; construction; insurance and pension services; financial services; charges for the use of intellectual property n.i.e.; telecommunications, computer and information services; other business services; personal, cultural, and recreational services, government goods and services n.i.e.

The primary income covers compensation of employees, investment income, and other primary income. *Compensation of employees* comprises wages and salaries paid by our economy to temporary employees – nonresidents and received by temporary employees – residents of the Republic of Belarus from other economies. *Investment income* includes receipts associated with external financial assets held by residents of the Republic of Belarus and placed abroad and payments of interest related to the financial obligations to nonresidents. This category includes the direct investment income, portfolio investment income, and other investment income. Investment income is divided on the following types: dividends; reinvested earnings; interest; investment income attributable to policyholders in insurance, standardized guarantees, and pension funds. *The other primary income* includes taxes and subsidies on products and production; and rent.

The secondary income account shows current transfers between residents of the Republic of Belarus and nonresidents. Current transfer is an entry that corresponds to the provision of a good, service, financial asset, or other nonproduced asset by an institutional unit to another institutional unit when there is no corresponding return of an item of economic value. The international accounts classify the following types of current transfers: current taxes on income, wealth, etc.; social contributions; social benefits; net nonlife insurance premiums; nonlife insurance claims; current international cooperation; personal transfers; and miscellaneous current transfers.

The capital account of the balance of payments shows capital transfers receivable and payable between residents of the Republic of Belarus and nonresidents; and the acquisition and disposal of nonproduced nonfinancial assets between residents of the Republic of Belarus and nonresidents.

The financial account covers transactions involving financial assets and liabilities of the country, resulting in the transfer of title to external financial assets and liabilities of the Republic of Belarus. Assets include transactions relating to Belarusian residents' investment abroad, whilst liabilities reflect changes in the volume of investment by nonresidents in the country's economy.

At the first level of classification the transactions with financial assets and liabilities are grouped into functional categories according to the type of financial instruments: **direct investment, portfolio investment, financial derivatives, other investment, and reserve assets.**

Direct investment covers any and all transactions between direct investors and enterprises. Direct capital investment transactions are subdivided into equity and investment fund share, reinvestment of earnings, and debt instruments.

Portfolio investment covers transactions in equity and investment fund shares, and other debt securities. The latter include bonds and other debt securities.

Financial derivatives is a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, etc.) can be traded in their own right in financial markets.

Other investment includes transactions other than those included in direct investment, portfolio investment, financial derivatives, and reserve assets. It includes the following

classes of financial assets and liabilities: other equity; currency and deposits; loans; nonlife insurance technical reserves, life insurance and annuities entitlements, pension entitlements, and provisions for calls under standardized guarantees; trade credit and advances; other accounts receivable/payable; and SDR allocations.

Reserve assets show operations with highly liquid foreign assets of the Republic of Belarus used for the purposes of monetary regulation.

The transactions involving a financial account are grouped into 4 sectors of the economy:

Central bank includes the transactions of authorities which exercise control over key aspects of the financial system. It carries out such activities as issuing currency, managing international reserves, and regulation of activity of the deposit-taking corporations. The National Bank of the Republic of Belarus belongs to such authorities.

General government sector includes all general government bodies of the republic, local Councils of deputies, local executive and administrative bodies of the Republic of Belarus as well as diplomatic and other official representative offices of the Republic of Belarus located outside the Republic of Belarus.

Deposit-taking corporations, except the central bank have financial intermediation as their principal activity. This sector includes banks and nonbank credit and financial institutions of the Republic of Belarus.

The other sectors include the other financial corporations, nonfinancial corporations, households and nonprofit institutions serving households (NPISHs).

Financial corporations consist of all corporations that are principally engaged in providing financial services, including insurance and pension fund services, to other institutional units. The production of financial services is the result of financial intermediation, financial risk management, liquidity transformation, or auxiliary financial services.

Nonfinancial corporations, households and nonprofit institutions serving households (NPISHs) are corporations whose principal activity is the production of market goods or nonfinancial services; physical persons in structure of households; and NPISHs.

Net errors and omissions is a balancing item of the balance of payments, which equalizes active or adverse balance resulting from the summing of transactions recorded in the balance of payments.

The positive value of net errors and omissions is a formal indication of capital inflow into the country or export unrecorded statistically.

The negative value of net errors and omissions is a formal indication of capital outflow from the country or import unrecorded statistically.