



**THE NATIONAL BANK OF
THE REPUBLIC OF KAZAKHSTAN
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*On transition to the new methodology
of external sector statistics and on the
balance of payments
and external debt situation of
the Republic of Kazakhstan
over the 1st quarter of 2013*

On transition to the new methodology of external sector statistics

The National Bank of the Republic of Kazakhstan informs the users of the country's external sector statistics about structural changes of data presentation on balance of payments, international investment position and external debt.¹

Until 2013 the compilation of the external sector statistics of Kazakhstan was conducted in accordance with the International Monetary Fund (IMF), the Balance of Payments Manual, 1993, 5th edition (BPM5). Starting with the reports from the 1st quarter of 2013, the National Bank has made a transition to the new IMF methodology of the external sector statistics – the Balance of Payments Manual, 2009, 6th edition (BPM6) in order to comply with new international standards.

The transition to the new structure of the balance of payments and international investment position in accordance with the requirements of the BPM6 has allowed to reflect new economic conditions in the statistics and to address the requirements of its users.

Conceptually, the BPM6 maintains continuity with the methodology of the previous edition (BPM5). Previous data on balance of payments statistics, based

¹ Published on the internet-resource of the National Bank of the Republic of Kazakhstan www.nationalbank.kz in the section Statistics → External Sector Statistics

on the BPM5 recommendations, generally remain comparable with the aggregate data compiled according to the new methodology. Data conversion of the balance of payments, international investment position and external debt of Kazakhstan for the period 2005 to 2012 (incl.) has been implemented to achieve comparability of time series. The values of the balance of payments, international investment position and external debt accounts and their components for these periods changed since there was a rearrangement of individual items in the balance of payments.

Complete compilation of the data on balance of payments, international investment position and external debt in accordance with the BPM6 methodology and based on updated data sources is to be implemented in 2014-2015.

The standard presentation of the balance of payments statistics, previously based on the use of credit (plus) and debit (negative) entries, has been modified for publication of data. The current account and capital account exclude the use of the "minus" sign while reflecting imports of goods and services as well as primary and secondary incomes payable. At the same time, the balance of relevant accounts (goods, services, primary income and secondary income) is defined as the difference between the credit and the debit.

In financial account, the terms "assets" and "liabilities" have been changed to "net acquisition of financial assets" and "net incurrence of liabilities". If there is an increase of assets or liabilities, it is shown with a "plus" sign; if there is a decrease in assets or liabilities, it's shown with a "minus" sign. The balancing item for the financial account is defined as the difference between assets and liabilities.

A brief summary of the changes in the BPM6 requirements compared with the BPM5 is given in the Appendix.

A detailed Methodology on international accounts (external sector statistics) developed on the basis of the BPM6 is available on the website of the National Bank of the Republic of Kazakhstan.

Because of the absence of direct investment data according to the directional principle (to Kazakhstan and abroad) in the standard presentation of the balance of payments and international investment position, additional analytical tables are provided:

- Direct investments on a directional basis: flows for the period – contains indicators of the net and gross inflows and outflows of the direct investments to and from Kazakhstan.
- Direct investments on a directional basis: position as of the end of the period.

Due to the changes in the presentation of the direct investments and the inclusion of transactions between fellow enterprises in its composition, the description of the indicators and the compilation methods for gross inflows and outflows of the direct investments have been clarified – direct investor's share capital buyback is excluded.

For the comparability of data, recalculation of time series on gross direct investment inflows to Kazakhstan from foreign direct investors and gross direct investment outflows from Kazakhstani direct investors abroad starting from the year 2005 has been completed.

Furthermore, the balance of payments and international investment position transactions and positions associated with foreign assets of the National

Fund of the Republic of Kazakhstan have been moved to the “General government”.

For compliance with the requirements of the BPM6, the structure of standard presentation of external debt of the country has been slightly changed, particularly:

- “Other sectors” does not include intercompany lending, which is currently presented as an independent component in the external debt composition. As in the balance of payments and international investment position, the intercompany lending includes liabilities to foreign fellow enterprises.
- Beginning with the 1st quarter of 2013, “Other liabilities” include instruments such as “Insurance and pension programs, standardized guarantees”.

Balance of payments for the 1st quarter of 2013

In the 1st quarter of 2013, the current account surplus reached 1.9 billion USD.

The decrease in export of goods caused a reduction of 42.8% in the positive current account balance for the 1st quarter of 2013 (reporting period) in comparison with the 1st quarter of 2012 (base period).

The trade surplus fell to 10.1 billion USD, a decrease of 17.5%. The official export of goods decreased by 7.8% relative to the base period and equaled 20.2 billion USD.

Official trade statistics of import of goods increased by 7.1%, totaling 9.6 billion USD.

The negative balance of primary income equaled 6.6 billion USD, representing a decrease of 10.6% compared to the base period mainly because of the reduction of dividend payments to direct foreign investors.

On other components of the current account, negative imbalances of international services and secondary income amounted to 1.4 billion USD and 0.2 billion USD, respectively.

The financial account balance (excluding reserve assets) was positive at 0.7 billion USD, which meant that Kazakhstan was a “net creditor” relative to the rest of the world.

The balance on direct investment was negative at 2.2 billion USD. According to the “assets and liabilities” principle, net acquisitions of financial assets in direct investments came to 1.8 billion USD and net incurrence of liabilities equaled 4.1 billion USD. Consistent with “directional” principle, the gross direct investment inflows from direct foreign investors was 6.6 billion USD in the reporting period in comparison with 7.3 billion USD in the base period.

As a result of excessive asset growth on portfolio investment over the obligations growth on them, the surplus on portfolio investment reached 2.4 billion USD. The increase in portfolio investment assets was achieved by the growth of foreign assets of the National Fund of the Republic of Kazakhstan for 2.7 billion USD.

The increase of reserve assets in the balance of payments in the reporting period amounted to 0.3 billion USD, and as of March 31, 2013 international reserves were valued at 28,1 billion USD, which covered the financing of Kazakhstani import of goods and services for 5,4 months.

External debt as of March 31, 2013

As of March 31, 2013 external debt of the country amounted to 140.0 billion USD, of which 5.2 billion USD or 4% represent the external debt of the general government sector (liabilities of the Government of the Republic of Kazakhstan and of the National Bank of the Republic of Kazakhstan), 69.6 billion USD or 50% represent the intercompany lending, and 12.7 billion USD or 9% stand for the banking sector.

In the 1st quarter of 2013 the external debt increased by 2.9 billion USD, mainly because of the rise of the intercompany lending (+3.1 billion USD). External debt of “Other sectors” (excluding intercompany lending) for the period grew by 0.9 billion USD, while external liabilities of the general government sector and “Banks” experienced a decrease (-0.3 billion USD and -0.9 billion USD, respectively).

**A brief summary of changes in the BPM6 requirements compared with the
BPM5**

	BPM5 regulations	BPM6 regulations
Titles of components in current account	<ul style="list-style-type: none"> • Goods • Services • Income • Current transfer 	<ul style="list-style-type: none"> • Goods • Services • Primary income • Secondary income
Signs of transactions in current and capital accounts	<p>“+” – Credit (export of goods and services, income and transfers receivable)</p> <p>“-“ – Debit (import of goods and services, income and transfers payable)</p> <p>Net balance = credit + debit</p>	<p>“+” – credit (export of goods and services, income and transfers receivable), debit (import of goods and services, income and transfers payable)</p> <p>Net balance = credit - debit</p>
Signs of transactions in financial account	<p>“+” – Increase of liabilities, decrease of assets</p> <p>“-“ – Increase of assets and decrease of liabilities</p> <p>Net balance = sum of all transactions</p>	<p>“+” – Increase of assets or liabilities</p> <p>“-“ – Decrease of assets or liabilities</p> <p>Net balance = assets - liabilities</p>
Financial account balance and its components	Negative – net outflow of resources, positive – net inflow of resources	Negative – net borrowing (net inflow of resources), positive – net lending (net

		outflow of resources)
Titles of sectors in financial account of balance of payments (BP), international investment position (IIP) and external debt (ED)	<ul style="list-style-type: none"> • Monetary authorities • General government • Banks • Other sectors 	<ul style="list-style-type: none"> • Central bank • General government • Banks • Other sectors
Presentation of direct investments in BP, IIP and ED	<p>Directional principle</p> <p>Direct investments abroad:</p> <ul style="list-style-type: none"> • Assets • Liabilities <p>Direct investments in Kazakhstan:</p> <ul style="list-style-type: none"> • Assets • Liabilities 	<p>Assets and liabilities principle</p> <p>Assets:</p> <ul style="list-style-type: none"> • Investments abroad • Investments to Kazakhstan <p>Liabilities:</p> <ul style="list-style-type: none"> • Investments abroad • Investments to Kazakhstan
Recording of fellow enterprise transactions	In other investments, depending on the category of financial assets and liabilities	In direct investments