

STANDART AND ANALYTIC CONCEPTS OF THE BALANSE OT PAYMENTS

According to the Sixth Edition of the “Balance of Payments and International Investment Position Manual” (IMF, 2009) two types of presentations of the balance of payments are acceptable – *standard* and *analytic*. BOP tables in the semi-annual and in the annual official reports of the Bulgarian National Bank represent the standard presentation, while in the web-site of the BNB represent both type of presentation.

One of the main structural differences between the two types of presentations (standard and analytic) is that in the analytic presentation all the financing items (incl. Reserve Assets, Use of Fund Credit and loans from the Fund and Exceptional Financing) are listed “below the line” and are not included in the *Current*, *Capital* and in the *Financial Account*. Whereas in the standard presentation these items are “above the line” and are included in the *Current*, *Capital* and in the *Financial Account*. The extraction of these specific items from the *Current*, *Capital* and from the *Financial Account* is necessary to meet various analytical requirements, including the derivation of certain overall measures of the balance of payments deficit or surplus.

Methodologically, these items represent the following:

- (i) Reserve Assets – represent the change in the official reserves of the Bulgarian National Bank (excl. the valuation and price changes);
- (ii) Use of Fund Credit and loans from the Fund – represent the net change (drawings less repayments) in the liabilities of country to the International Monetary Fund;
- (iii) Exceptional Financing includes transactions associated with:
 - transfers – such as debt forgiveness, other intergovernmental grants and grants received from Fund subsidy accounts, provided for the purpose of satisfying balance of payments needs;
 - direct or other equity investment – such as debt or equity swaps, involved with debt reduction;
 - borrowing, including bond issues, by the government or central bank for BOP support purposes;
 - borrowing, including bond issues, implemented by other sectors of the economy and induced by authorities – usually with some form of exchange rate or interest subsidy;

- other transactions related to debt reorganization, such as rescheduling of existing debt and accumulation and repayment of arrears resulting from balance of payments difficulties (that is arrears resulting from the inability of the authorities to provide foreign exchange and not from the inability of the original debtor to provide national currency).

The connection between the two types of presentations of the balance of payments can be seen in the simple mathematical equation: the sum of the *Current Account*, *Capital Account*, the *Financial Account* and the *Reserves and related items* from the analytic presentation gives the sum of the *Current*, *Capital* and of the *Financial Account* of the standard presentation.