

## METHODOLOGICAL COMMENTARY

### ON THE EXTERNAL DEBT OF UKRAINE STATISTICS

Statistics of the gross external debt is compiled in accordance with international standards set forth in the following official publications of the International Monetary Fund: *External Debt Statistics: Guide for Compilers and Users* (IMF, 2003), the Fifth Edition of the *Balance of Payments Manual* (IMF, 1993), and the Sixth Edition of the *Balance of Payments and International Investment Position Manual* (IMF, 2009).

The **gross external debt** of the country as at the end of the reporting quarter is the outstanding amount of all actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in future and that are owed to non-residents by residents of an economy.

Basic framework of the external debt statistics is agreed with the *System of National Accounts, Guide to the Public Finances Statistics*, and *Guide to the Monetary and Financial Statistics*. The external debt of the country includes all the liabilities of residents of Ukraine to nonresidents, which are classified as follows:

*Sector breakdown:* The end-of-quarter gross stocks of external debt liabilities are presented under four economic sectors:

- (a) general government;
- (b) monetary authorities;
- (c) banks; and
- (d) other sectors.

*Maturity breakdown:* The data are broken down by maturity (short- and long-term) on the original maturity basis.

*Instruments breakdown:* The data are broken down by debt instruments:

- (a) debt securities;
- (b) trade credits;
- (c) loans;
- (d) currency and deposits;
- (e) other debt liabilities; and
- (f) liabilities of enterprises under direct investment loans (intercompany loans).

Data on the intercompany loans of entities, in accordance with the BPM5 requirements, are not broken down either by economy sector or initial maturity.

Since 2012, accounts payable of direct investor enterprises to direct investors-nonresidents have been transferred from the *Trade credit, short-term, other sectors* item to the *Intercompany debt* item. Debt data are consistent with the corresponding series in the international investment position statistics.

There is a possibility to compare the data with the external public debt of Ukraine published by the Ministry of Finance of Ukraine and the data of the State Statistics Service of Ukraine on intercompany loans, trade credits and arrears.

The gross external debt is calculated in US dollars.

In order to convert the debt liabilities denominated in hryvnias and foreign currencies into US dollars, the exchange rate established by the NBU is used.

The estimated indicators of the **gross external debt** as at the end of the reporting quarter comprise:

(a) direct public government-guaranteed debt including IMF and IFO loans obtained by the NBU;

(b) liabilities of local authorities on debt securities and external loans;

(c) bank liabilities on debt securities, loans, and deposits;

(d) liabilities of the real economy sector on debt securities, loans (including government-guaranteed ones) and payables (trade long-term and short-term credits and arrears on them).

In order to compile the indicators of the **general government** external debt information of the Ministry of Finance of Ukraine concerning the public government guaranteed debt is used, including the liabilities to international financial organizations, foreign general governments, commercial banks, and other liabilities.

The Ministry of Finance of Ukraine data regarding the liabilities under government external debt bonds are adjusted by the amount of their purchase by residents of Ukraine in external markets.

Taken into account is also the amount of internal government bonds acquired by non-residents in the internal market and that of the bonds issued for redemption of the budgetary arrears of VAT. Liabilities of local authorities on debt securities and external loans are determined according to bank reports on obtainments and servicing of long-term nonguaranteed loan.

The **monetary authorities** debt is calculated based on the NBU data regarding the liabilities under the credits and loans granted by the International Monetary Fund and international financial organizations as well as obtained deposits.

The consolidated balance of the banking system, ITRS data and bank reports on obtainment and servicing of foreign credits are the database on the debt instruments of the **banking sector**.

The external debt of **other sectors** is calculated on the basis of reports on obtainment and servicing of foreign non-guaranteed credits, ITRS data, Ministry of Finance of Ukraine data on the state of the government-guaranteed private debt, and State Statistics Service of Ukraine data regarding debts to non-residents on export/import operations, which have been divided into two groups: short-term and long-term, since 2006.

It should be noted that *Other debt liabilities* of the corresponding economy sectors comprise the accumulated arrears on principal, interest and other payments that were due for payment according to the schedule but were not paid. Besides, *General government* and *Monetary authorities* sub-items include SDR allocation made in the third quarter of 2009 in favor of Ukraine by the International Monetary Fund.

The gross external debt statistics is compiled quarterly. The first publication comprises tentative data which can be adjusted during the next quarters and accepted as final in 5 quarters after their first publication.

#### **AMENDMENTS TO THE METHODOLOGY FOR COMPILATION OF THE STATISTICS OF UKRAINE'S EXTERNAL DEBT (according to the Sixth Edition of the Balance of Payments and International Investment Position Manual)**

The Sixth Edition of the Balance of Payments and International Investment Position Manual (BPM6) was released in 2009, due to which there were amended approaches to the reflection of some components of the gross external debt statistics.

The most considerable changes refer to accounting of accumulated debts by principle, interest and other payments to be paid according to the schedule but have not been paid actually. According to the BPM6, arrears are recorded under the original financial instrument. Accumulated arrears are no longer included in other debt liabilities but disaggregated between debt securities, loans, and trade credits and advances.

Balances of interbank credits are transferred from loans to the currency and deposits.

There are renamed the following institutional sectors viz.:

the monetary authorities sector is replaced by the central bank sector;

the banking sector is replaced by the deposit-taking corporations sector, excluding the central bank (the term “banks” will be used for abbreviation).

There are renamed the following items viz.:

“bonds and other debt securities” is renamed “long-term debt securities”, and “money market instruments” is renamed “short-term debt securities”;

“trade credits” are now renamed “trade credit and advances”.