

THE NATIONAL BANK OF SERBIA

SERBIA'S EXTERNAL DEBT SUSTAINABILITY

-Preliminary Results of the Analysis Based on Outstanding Debt as of September 30,
2004-

Belgrade, December 3, 2004

Serbia's External Debt

Total outstanding external debt of Serbia as of end-September 2004 amounted to USD 12,607 billion, i.e. EUR 10,243 billion. Compared to end-2003, Serbia's external debt was reduced by USD 875 million, i.e. EUR 1,102 million.

Relative to end-2003, in end-September 2004 there occurred significant changes in critical values of certain ratios which serve as benchmarks for determining the level of a country's indebtedness, i.e. its ability to regularly service its debt obligations. Ratios of gross and net external debt to GDP now amount to 59.0% and 37.8% respectively.

The ratio of gross external debt and annual export inflows was much more favourable in end-September, amounting to 258%, relative to 387% in 2003. According to this criterion, Serbia is nearing the group of moderately indebted countries, based on the World Bank methodology.

Serbia's Gross and Net External Debt and GDP

Year	External debt, % GDP		GDP
	Gross	Net	USD million
2000	134.0	123.0	8,050
2001	104.3	87.3	10,619
2002	78.2	56.9	14,282
2003	71.3	47.8	18,919
2004*	59.0	37.8	21,377

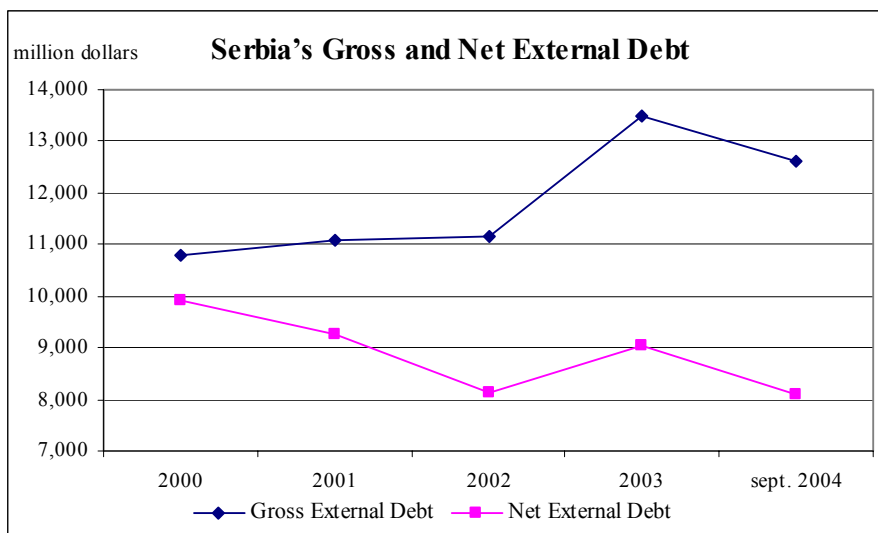
*Data refer to September 2004

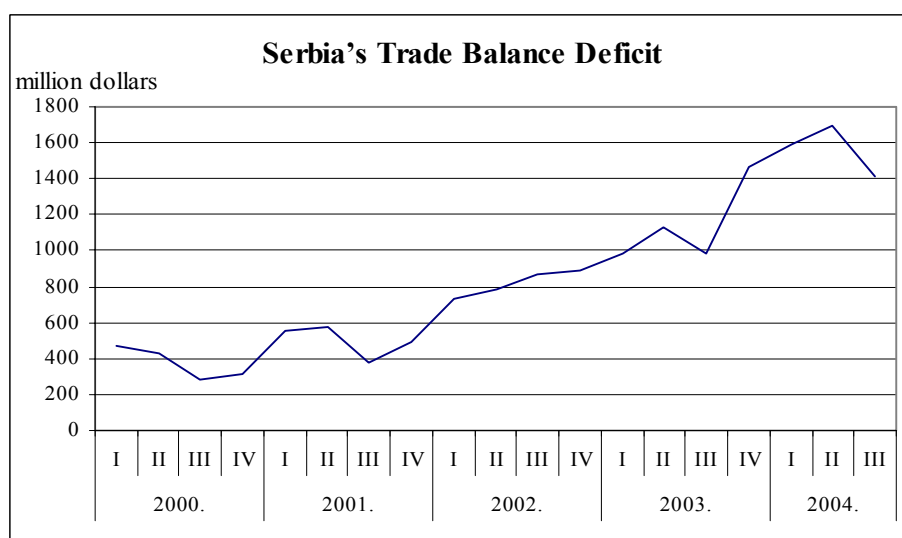
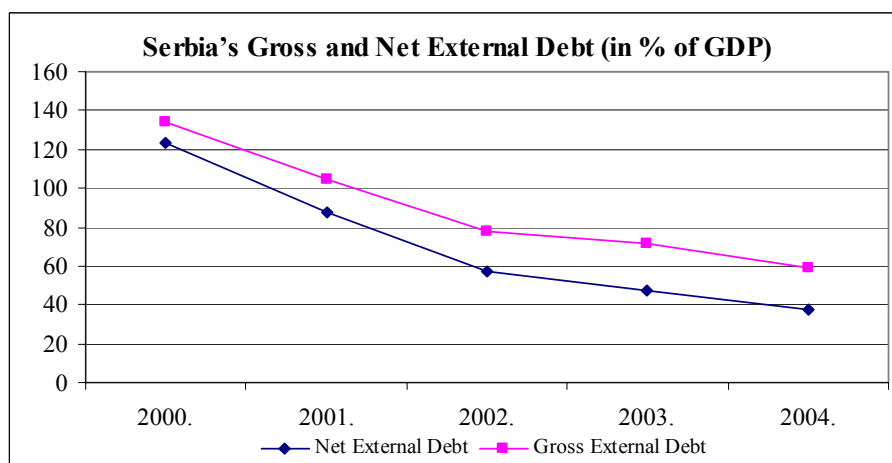
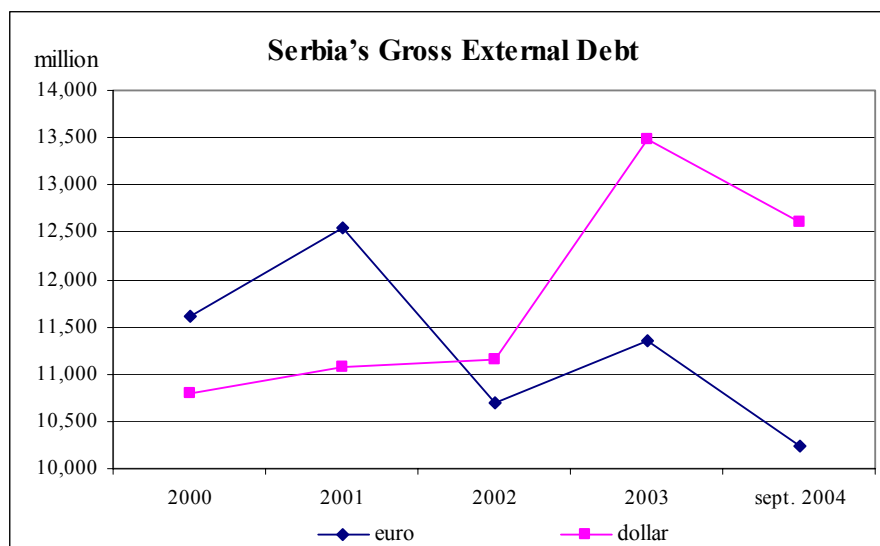
Source: NBS.

Indebtedness Criteria and Serbia's Ranking Based on World Bank's Methodology

	Severely indebted	Moderately indebted	Less indebted	Serbia	
				December 2003	September 2004
Debt/GDP	$x > 80\%$	$48\% < x \leq 80\%$	$x \leq 48\%$	71%	59%
Debt/Export	$y > 220\%$	$132\% < y \leq 220\%$	$y \leq 132\%$	387%	258%

Source: World Bank (IBRD), NBS Research Department estimate for Serbia.





Projections of Serbia's External Debt Sustainability

1. Basic Values and Assumptions

- Real GDP growth according to estimates for 2004 and 2005 (6.1% and 4.6% respectively) reconciled with the IMF. An annual growth of 5% has been projected for subsequent years until 2010;
- GDP deflators for 2004 and 2005 amount to 8.7% and 11.9% respectively (the IMF inadequately calculated these deflators at 9.4% and 11.1%, as they calculated goods and services trade in the balance of payments incorrectly). The thus caused discrepancy in GDP in 2005 is negligible (with an adequate deflator, GDP would amount to CSD 1,469.3 billion, which is CSD 1.7 billion, or 0.1% higher than that calculated by the IMF);
- Serbia's BOP for 2004 is presented based on the NBS estimate corresponding to the IMF estimate for Serbia and Montenegro. It is included in the model in its entirety, with the adjustment of debt servicing in 2004 based on new NBS data on the repayment schedule (as of September 30). As regards 2005, we estimated the BOP for Serbia based on IMF estimates for Serbia and Montenegro¹;
- The projection of the items in the balance of payments related to the inflow of remittances, net inflow from exchange offices and foreign exchange savings was performed based on GDP growth rates in their USD value. The repayment of frozen foreign exchange savings was projected according to the NBS repayment schedule;
- Inflation figures for 2004 and 2005 were given based on estimates reconciled with the IMF (12.6% and 9.6%, respectively). In 2006, inflation is to amount to 7%, whereas in subsequent years it will total 5%;
- Exchange rate policy: the pace of euro's growth against the dinar is 2% quicker than retail prices growth in 2004, 1% quicker in 2005, it will correspond to retail prices growth in 2006, whereupon it will follow relative prices; and
- Euro/dollar relation: 1.24 in 2004, while a basic assumption for the projection period is 1.25.

Economic Policy Targets – Initial Version

- A successive increase of share of investments in GDP, up to 25% in 2009;
- A successive reduction of the share of public (collective) consumption in GDP, from 23% in 2004 to 18.5% in 2010;
- A successive reduction of the share of goods and services trade deficit (from 25.3% in 2004) to 19% of GDP in 2010; and
- Raising the share of goods and services export to 28.4% in 2005 and 36% in 2010.

The result of this is a reduction in the share of total consumption in GDP (from 108.8% in 2004) to 93.5% in 2010. This implies that real growth of consumption will

¹ For 2005 and subsequent years, data on total principal and interest payments are entered into item *Repayment schedule*, including short-term debt, while the balance on short-term transactions was annulled. This implicitly introduces the assumption that new short-term indebtedness is used for repaying old indebtedness. Such assumption, however, underestimates interest payments (on new short-term indebtedness). This should be reviewed!

remain in the 2%-3% zone annually (with a tendency of increase at the end of the period).

Conclusions from the Initial Version

- In order for the debt service ratio (DSR) in the period from 2007-2010 to remain at the level of approximately 25%², new commercial borrowings³ should not exceed 20% of total investments, with the servicing of outstanding debt in accordance with the NBS plan based on the balance as of September 30, 2004 and the plan of new public borrowing as of the same date.
- If the projected FDI from the earlier projection is retained (25% to 27% of GDP in 2004 and a reduction to 20% in 2010⁴), gaps in the capital account balance will appear in the *errors and omissions* item. By reducing the annual accretion of foreign exchange reserves from the earlier projection (including those in commercial banks) so as to provide that the level of foreign exchange reserves covers 4.5 months of goods and services import in the oncoming year (5.2-5.5 months in the earlier projection, for 2004 this data amounts to 4.6 months), what will appear in *errors and omissions* are amounts rising from USD 750 million in 2005 to approximately USD 1.5 billion in 2009 and 2010. This means that the financial gap is ranging from some USD 600 million up to approximately USD 1.4 billion annually.⁵
- The filling of the gap by additional commercial credits is not possible, as it would require that the share of such credits in total investments be raised to 35% of total investments already in 2005, with a tendency of reaching a share of 60% until 2010 (USD 1.4 to 4.4 billion, new borrowings must cover the servicing of this debt as well).
- In order for this gap to be filled with FDI, their share in total investments should rise to an average of 41.5% in the 2005-2010 period.⁷ In 2003, their share amounted to 47.8%, whereas the estimate for 2004 is 25.6%. Can 2003 be used as a benchmark? Hardly so, although high amounts of FDI could be expected in the course of privatization of some large public enterprises (EPS, NIS, Telekom). In order for such inflow to be generated, however, almost ideal conditions for foreign investors would have to be created urgently, which, viewed from today's perspective (the Hague, political instability, high risk...) seems little likely.
- The gap can only be neutralized by a reduction in the projected foreign trade deficit, that is, its sharper reduction in the oncoming years. In 2005, goods and services trade deficit should not exceed 23% of GDP, in place of the projected 24%, in order for it to drop to 14.5% until 2010, instead of the previously envisaged 19%⁸. However, if the investment-related target is retained (if it is

² Debt service ratio is computed as a ratio between external debt service (principal and interest) and exports of goods and services. If repayment of frozen foreign exchange savings were included in this ratio, it would increase by approximately 3 percentage points each year.

³ Terms assumed: repayment term of 5 years, with a 5% annual interest.

⁴ From USD 1 to 1.6 billion annually.

⁵ Having in mind the statistical norm for errors and omissions amounting to 5% of the sum of current account deficit and accretion of foreign exchange reserves, the rest can be treated as a lacking (or unidentified) source of coverage for errors and omissions.

⁶ The calculation included 5-year maturity loans with 5% interest.

⁷ Maximum share of 45% would be reached in 2007, reducing to 37% until 2010. Amounts range from USD 1.6 to 3 billion.

⁸ The share of the current account deficit in 2010 will be reduced to less than 3% (2.9%) of GDP.

abandoned, even GDP growth rate would become unsustainable), it would result in the real growth of consumption until 2007 being reduced to an annual average of 0.5%. In order for the real growth of personal consumption to remain in the projected limits (some 2% annually before 2007, and 3-5% thereafter) it would be necessary for the public consumption ("collective consumption" in the GDP balance) to decline by 4.5 – 5% annually. This is a recommendable solution, but it entails a more restrictive fiscal planning in medium term and a government strong enough to implement such policy.

- A possible further weakening of the dollar reduces the debt service burden but marginally. If the euro rose by another 10% (1 EUR=1.375 USD) DSR would reduce by an average of 1 percentage point in the 2007-2010 period. It may also be possible to consider a combination of the foregoing possibilities. However, prior to that it is necessary to continue research as to the extent to which *errors and omissions* come as a result of overestimated import and underestimated export in customs bills of entry due to the transfer of capital abroad in the current system conditions.

Appendix

Table 1

REPAYMENT SCHEDULE OF SERBIA'S EXTERNAL DEBT, balance as of September 30, 2004,
USD million

		Paid* I - IX 2004	X-XII 2004	2005	2006	2007	2008	2009	2010
TOTAL DEBT	principal	317.07	347.54	756.42	414.93	652.67	605.54	704.48	661.53
	interest	150.55	144.20	409.78	397.37	389.40	386.40	361.57	370.92
Total debt in convertible currency	principal	317.07	347.54	756.42	414.93	652.67	605.54	704.48	661.53
	interest	150.55	144.20	408.69	395.08	386.92	382.92	357.27	365.93
Total medium-term and long-term debt	principal	297.27	284.90	671.91	414.93	652.67	513.66	520.70	477.76
	interest	148.57	121.61	364.95	353.98	345.81	341.81	323.87	342.80
<i>International financial organizations</i>	principal	175.35	127.93	276.07	170.69	234.95	325.36	336.73	274.93
	interest	90.51	52.82	184.84	173.60	165.17	153.99	141.22	129.84
IMF	principal	156.12	76.49	205.07	39.75	73.39	171.24	183.47	122.32
	interest	17.34	8.06	25.93	19.45	18.04	14.87	9.87	5.36
IBRD	principal	-	28.21	17.01	50.59	67.15	78.34	88.19	88.19
	interest	48.66	28.15	112.50	111.22	108.46	104.94	100.87	96.43
IDA	principal	-	-	-	-	-	-	-	-
	interest	2.14	0.70	2.40	2.39	2.39	2.39	2.39	2.39
EUROFIMA	principal	10.83	-	15.89	20.46	32.57	14.29	15.89	29.39
	interest	5.49	0.64	5.61	4.83	3.83	2.52	1.78	1.51
IFC – loans arranged prior to December 20, 2000	principal	-	-	6.66	13.32	13.32	13.32	6.66	-
	interest	-	1.12	2.35	2.07	1.54	1.10	0.64	0.58
IFC – new loans	principal	0.60	0.63	6.21	6.21	6.21	4.96	2.82	2.82
	interest	0.88	0.95	1.74	1.37	0.99	0.65	0.41	0.26
EIB – consolidated loans	principal	2.92	3.08	6.39	6.71	7.05	7.40	7.78	8.17
	interest	2.30	2.25	4.12	3.59	3.04	2.45	1.84	1.20
EIB	principal	-	-	0.98	3.88	6.15	10.37	12.57	10.56
	interest	4.18	2.43	7.66	7.60	7.48	7.15	6.67	6.11
European Union	principal	-	-	-	-	-	-	-	-
	interest	2.99	4.94	9.86	9.86	9.86	9.89	9.86	9.86
European Union- loan of EUR 55 million	principal	-	-	-	-	-	-	-	-
	interest	1.73	-	1.80	1.80	1.80	1.80	1.80	1.80
EUROFOND – CEB	principal	1.86	1.87	3.74	3.74	3.74	3.74	3.74	3.74
	interest	0.53	0.50	0.90	0.76	0.63	0.50	0.37	0.23
EBRD	principal	3.02	17.65	14.12	26.02	25.37	21.69	15.60	9.75
	interest	4.27	3.09	9.97	8.66	7.12	5.73	4.73	4.10
Governments – <i>Paris Club</i>	principal	12.45	9.67	33.63	40.35	46.01	48.63	59.01	50.91
	interest	34.35	11.73	69.09	76.26	86.33	95.72	92.55	89.25
Paris Club governments	principal	-	-	0.59	8.20	15.27	28.40	44.23	41.60
	interest	30.97	9.27	63.16	71.57	82.82	93.22	90.61	87.76
Loans arranged after December 20, 2000.	principal	12.45	9.67	33.04	32.15	30.74	20.23	14.79	9.31
	interest	3.38	2.46	5.93	4.69	3.51	2.50	1.93	1.49
Loans arranged prior to December 12, 2000		-	-	-	-	-	-	-	-
China	principal	-	-	-	-	-	-	-	-
	interest	-	-	1.62	3.42	3.70	5.19	6.41	7.44
Libya	principal	-	-	-	-	-	-	-	-
	interest	-	-	0.23	0.48	0.52	0.73	0.90	1.05
Kuwait	principal	-	-	-	-	-	-	-	-
	interest	-	-	1.90	4.02	4.35	6.09	7.53	8.75
Loans arranged after December 20, 2000		-	-	-	-	-	-	-	-
Poland	principal	-	-	0.23	1.67	1.74	1.74	1.74	1.74
	interest	0.06	0.09	0.18	0.18	0.17	0.15	0.14	0.13
London Club – regulated debt	principal	-	-	-	-	-	-	-	72.00
	interest	-	40.00	44.55	41.06	41.06	41.18	41.06	72.67
London Club – non-regulated debt	principal	-	-	-	-	-	-	-	-
	interest	-	-	0.47	0.99	1.07	1.50	1.85	2.15
Other creditors	principal	109.47	147.30	361.98	202.23	369.97	137.93	123.23	78.18
	interest	23.64	16.97	62.08	53.96	43.43	37.27	32.20	31.53
Other creditors – loans arranged prior to December 20, 2000	principal	12.84	12.15	15.00	13.65	4.89	5.56	5.76	6.16
	interest	2.19	1.03	8.04	12.58	12.88	17.11	20.54	23.35
Other creditors – loans arranged after December 20, 2000.	principal	96.63	135.16	346.98	188.58	365.09	132.37	117.47	72.03
	interest	21.46	15.95	54.04	41.38	30.56	20.15	11.66	8.18
Total short-term debt	principal	19.80	62.64	84.50	-	-	91.89	183.77	183.77
	interest	1.98	22.59	43.75	41.11	41.11	41.11	33.40	23.12
Clearing	principal	-	-	-	-	-	-	-	-
	interest	-	-	1.08	2.29	2.48	3.48	4.30	4.99

* In USD million on the day of transaction.

[Table 2](#)

GENERAL ASSUMPTIONS INCLUDED IN THE MODEL

	2004	2005	2006	2007	2008	2009	2010
USD/Dinar exchange rate	58,9	67	72,2	76,0	78,6	80,9	83,3
EUR/Dinar exchange rate	1,24	1,25	1,25	1,25	1,25	1,25	1,25
GDP deflator, in %	8.7	11.9	7.1	6.0	5.4	5.5	5.4
Domestic demand deflator, in %	9.4	12.9	7.2	5.9	5.0	5.0	5.0
Consumption deflator, in %	9.3	12.7	7.2	5.9	5.1	5.1	5.1
Investment deflator, in %	10.1	14.8	7.4	5.8	4.8	4.8	4.8
Retail prices (average growth, in %)	9.5	12.8	7.2	5.9	5.0	5.0	5.0
Grants, in USD million	456	315	250	200	200	0	0

Table 3

GDP BALANCE – BASIC SCENARIO – initial version

	2004	2005	2006	2007	2008	2009	2010
GDP, USD million, at current exchange rate	21309	21935	22890	24185	25870	27840	29953
GDP, real growth	6.1	4.6	5	5	5	5	5
GDP, at current prices, CSD billion	1,255.3	1,469.3	1,652.0	1,839.1	2,034.6	2,253.1	2,494.4
Domestic demand	1,572.5	1,827.8	2,040.2	2,252.9	2,472.1	2,714.9	2,968.4
Consumption	1365.4	1563.3	1709.8	1848.3	1993.9	2151.7	2332.3
Personal consumption	1076.6	1240.1	1354.6	1471.3	1587.0	1716.8	1870.8
Public (collective) consumption	288.7	323.2	355.2	377.0	406.9	434.8	461.5
Investment	207.1	264.5	330.4	404.6	478.1	563.3	636.1
Export of goods and services, net	-317.2	-358.5	-388.2	-413.8	-437.4	-461.9	-473.9
Net exports, share in %	-25.3	-24.4	-23.5	-22.5	-21.5	-20.5	-19.0
Consumption, share in %	108.8	106.4	103.5	100.5	98.0	95.5	93.5
Consumption, real growth in %	7.7	1.6	2.0	2.1	2.7	2.7	3.1
Personal consumption, share in %	85.8	84.4	82.0	80.0	78.0	76.2	75.0
Public (collective) consumption, share in %	23.0	22.0	21.5	20.5	20.0	19.3	18.5
Investment, share in %	16.5	18.0	20.0	22.0	23.5	25.0	25.5
Investment, real growth in %	15.2	11.5	16.3	15.8	12.9	12.6	7.9
Trade balance (goods and services), in USD million	-5728	-5702	-5744	-5827	-5975	-6151	-6169
Balance with other Republic, in USD million	343	350	365	386	413	444	478
Total for GDP balance (net export)	-5385	-5352	-5379	-5442	-5562	-5707	-5691
USD/dinar exchange rate	58.9	67.0	72.2	76.0	78.6	80.9	83.3
GDP deflator, in %	8.7	11.9	7.1	6.0	5.4	5.5	5.4
Domestic demand deflator in %	9.4	12.9	7.2	5.9	5.0	5.0	5.0
Consumption deflator in %	9.3	12.7	7.2	5.9	5.1	5.1	5.1
Investment deflator, in %	10.1	14.5	7.4	5.8	4.7	4.7	4.7
Retail prices (average growth in %)	9.5	12.8	7.2	5.9	5.0	5.0	5.0

Table 4

BALANCE OF PAYMENTS – BASIC SCENARIO – initial version

	2004*	2005*	2006	2007	2008	2009	2010
A. CURRENT TRANSACTIONS							
Export of goods	3708	4174	4661	5149	5800	6490	7362
Export of services	1343	1544	1724	1905	2145	2400	2723
Export of goods and services	5051	5718	6385	7054	7946	8891	10085
<i>Growth rate of goods and services export</i>	<i>1.33</i>	<i>1.132</i>	<i>1.12</i>	<i>1.10</i>	<i>1.13</i>	<i>1.12</i>	<i>1.13</i>
Import of goods	9803	10278	10917	11593	12528	13538	14628
Import of services	976	1142	1213	1288	1392	1504	1625
Import of goods and services	10779	11420	12130	12881	13920	15042	16254
<i>Growth rate of goods and services import</i>	<i>1.31</i>	<i>1.059</i>	<i>1.06</i>	<i>1.06</i>	<i>1.08</i>	<i>1.08</i>	<i>1.08</i>
Balance on goods	-6095	-6104	-6256	-6444	-6728	-7048	-7267
Balance on services	367	402	511	616	753	896	1097
Balance on goods and services	-5728	-5702	-5744	-5827	-5975	-6151	-6169
Interest paid	270	506	550	588	619	622	653
-New debt	0	96	153	199	232	261	285
a) Guaranteed	0	51	73	86	88	87	83
- IMF		21	15	14	10	7	3
6) Commercial	0	45	80	113	145	174	202
- Old debt	330	414	401	393	390	365	371
Interest collected	69	71	74	78	84	90	97
Balance on interest	-201	-435	-476	-510	-535	-532	-556
Net current transfers	3221	3309	3454	3649	3903	4200	4519
- Exchange offices	1693	1743	1819	1921	2055	2212	2380
- Montenegro and Kosovo	346	350	365	386	413	444	478
- Other	1182	1217	1270	1342	1435	1544	1662
Current account balance (excl. grants)	-2708	-2828	-2767	-2688	-2607	-2483	-2206
Official transfers (grants)	456	315	250	200	200		
B. CAPITAL ACCOUNT							
Long-term loans - inflow	1488	1750	1444	1462	1410	1478	1563
- Guaranteed	978	961	529	398	195	86	36
- Commercial	510	790	916	1064	1216	1392	1528
Long-term loans - payment	582	930	745	1171	1381	1711	1853
- Old debt	582	764	419	659	611	711	668
- New debt		166	326	512	770	1000	1185
- IMF		195	38	70	139	128	70
a) Guaranteed	0	0	2	5	50	101	110
6) Commercial (5 years, 5% interest)	0	166	324	507	720	899	1075
Short-term credit lines - net	96						
Balance on credit transactions	1002	821	700	291	29	-233	-290
Capital investment	1009	1087	1190	1437	1581	1602	1530
Direct investments - net	900	987	1190	1437	1581	1601	1528
<i>Share of FDI in overall investments</i>	<i>0.256</i>	<i>0.250</i>	<i>0.260</i>	<i>0.270</i>	<i>0.260</i>	<i>0.230</i>	<i>0.200</i>
Savings (new) at home	281	289	302	319	341	367	395
One-off exchange offices	138	142	148	157	168	180	194
Payment of frozen F/C deposits	-284	-260	-246	-241	-242	-249	-260
Other	-26	-171	-204	-235	-266	-297	-326
Capital account balance	2011	1908	1890	1728	1610	1369	1241
- of which: inflow of capital and loans	2593	2838	2635	2898	2992	3080	3094
Errors and omissions	207	752	909	1150	1217	1568	1456
Foreign exchange reserves - changes	-34	148	282	390	421	454	491
MEMORANDUM ITEMS							
Outstanding debt	13575	15884	16583	16874	16903	16670	16380
Old debt	13575	12811	12393	11734	11123	10411	9744
New debt		3072	4191	5140	5781	6259	6637
- Guaranteed	978	1939	2465	2858	3002	2987	2913
- Commercial	510	1134	1725	2282	2778	3271	3723
Financial gap – cumulative	370	973	1730	2726	3792	5213	6534
Debt servicing	852	1436	1295	1759	2000	2333	2506
Principal amortization	582	930	745	1171	1381	1711	1853
Interest payment	270	506	550	588	619	622	653
Foreign exchange reserves	4401	4549	4831	5220	5641	6095	6586
GDP growth rate (in USD)	1.122	1.029	1.044	1.057	1.070	1.076	1.076
Debt service ratio	16.9	25.1	20.3	24.9	25.2	26.2	24.8
Share of goods export in GDP	17.4	19.0	20.4	21.3	22.4	23.3	24.6
Share of goods and services export in GDP	23.7	26.1	27.9	29.2	30.7	31.9	33.7
Share of goods and services import in GDP	50.6	52.1	53.0	53.3	53.8	54.0	54.3
External debt/export of goods and services	268.8	277.8	259.7	239.2	212.7	187.5	162.4
External debt/export of goods	366.1	380.5	355.8	327.7	291.4	256.9	222.5
External debt/GDP	63.7	72.4	72.4	69.8	65.3	59.9	54.7
Share of interest in GDP	0.9	2.0	2.1	2.1	2.1	1.9	1.9
Debt servicing/GDP	4.00	6.55	5.66	7.27	7.73	8.38	8.37
Share of foreign investments in GDP	4.22	4.50	5.20	5.94	6.11	5.75	5.10

*The debt service ratio also includes IMF loan repayments, which are not normally calculated in debt indicators.

Table 5

GDP BALANCE –BASIC SCENARIO – with larger loans

	2004	2005	2006	2007	2008	2009	2010
GDP, USD million, at current exchange rate	21309	21935	22890	24185	25870	27840	29953
GDP, real growth	6.1	4.6	5	5	5	5	5
GDP, at current prices, CSD billion	1,255.3	1,469.3	1,652.0	1,839.1	2,034.6	2,253.1	2,494.4
Domestic demand	1,572.5	1,827.8	2,040.2	2,252.9	2,472.1	2,714.9	2,968.4
Consumption	1365.4	1563.3	1709.8	1848.3	1993.9	2151.7	2332.3
Personal consumption	1076.6	1240.1	1354.6	1471.3	1587.0	1716.8	1870.8
Public (collective) consumption	288.7	323.2	355.2	377.0	406.9	434.8	461.5
Investment	207.1	264.5	330.4	404.6	478.1	563.3	636.1
Export of goods and services, net	-317.2	-358.5	-388.2	-413.8	-437.4	-461.9	-473.9
Net exports, share in %	-25.3	-24.4	-23.5	-22.5	-21.5	-20.5	-19.0
Consumption, share in %	108.8	106.4	103.5	100.5	98.0	95.5	93.5
Consumption, real growth in %	7.7	1.6	2.0	2.1	2.7	2.7	3.1
Personal consumption, share in %	85.8	84.4	82.0	80.0	78.0	76.2	75.0
Public (collective) consumption, share in %	23.0	22.0	21.5	20.5	20.0	19.3	18.5
Investment, share in %	16.5	18.0	20.0	22.0	23.5	25.0	25.5
Investment, real growth in %	15.2	11.5	16.3	15.8	12.9	12.6	7.9
Trade balance (goods and services), in USD million	-5728	-5702	-5744	-5827	-5975	-6151	-6169
Balance with other Republic, in USD million	343	350	365	386	413	444	478
Total for GDP balance (net export)	-5385	-5352	-5379	-5442	-5562	-5707	-5691
USD/dinar exchange rate	58.9	67.0	72.2	76.0	78.6	80.9	83.3
GDP deflator, in %	8.7	11.9	7.1	6.0	5.4	5.5	5.4
Domestic demand deflator in %	9.4	12.9	7.2	5.9	5.0	5.0	5.0
Consumption deflator in %	9.3	12.7	7.2	5.9	5.1	5.1	5.1
Investment deflator, in %	10.1	14.5	7.4	5.8	4.7	4.7	4.7
Retail prices (average growth in %)	9.5	12.8	7.2	5.9	5.0	5.0	5.0

Table 6

BALANCE OF PAYMENTS –BASIC SCENARIO – with larger loans

	2004*	2005*	2006	2007	2008	2009	2010
A. CURRENT TRANSACTIONS							
Export of goods	3708	4174	4661	5149	5800	6490	7362
Export of services	1343	1544	1724	1905	2145	2400	2723
Export of goods and services	5051	5718	6385	7054	7946	8891	10085
<i>Growth rate of goods and services export</i>	<i>1.33</i>	<i>1.132</i>	<i>1.12</i>	<i>1.10</i>	<i>1.13</i>	<i>1.12</i>	<i>1.13</i>
Import of goods	9803	10278	10917	11593	12528	13538	14628
Import of services	976	1142	1213	1288	1392	1504	1625
Import of goods and services	10779	11420	12130	12881	13920	15042	16254
<i>Growth rate of goods and services import</i>	<i>1.31</i>	<i>1.059</i>	<i>1.06</i>	<i>1.06</i>	<i>1.08</i>	<i>1.08</i>	<i>1.08</i>
Balance on goods	-6095	-6104	-6256	-6444	-6728	-7048	-7267
Balance on services	367	402	511	616	753	896	1097
Balance on goods and services	-5728	-5702	-5744	-5827	-5975	-6151	-6169
Interest paid	270	521	603	691	785	871	997
-New debt	0	111	205	301	399	509	629
a) Guaranteed	0	51	73	86	88	87	83
- IMF		21	15	14	10	7	3
6) Commercial	0	60	132	216	311	423	546
- Old debt	330	414	401	393	390	365	371
Interest collected	69	71	74	78	84	90	97
Balance on interest	-201	-450	-529	-612	-702	-781	-900
Net current transfers	3221	3309	3454	3649	3903	4200	4519
- Exchange offices	1693	1743	1819	1921	2055	2212	2380
- Montenegro and Kosovo	346	350	365	386	413	444	478
- Other	1182	1217	1270	1342	1435	1544	1662
Current account balance (excl. grants)	-2708	-2843	-2819	-2791	-2773	-2732	-2550
Official transfers (grants)	456	315	250	200	200		
B. CAPITAL ACCOUNT							
Long-term loans - inflow	1488	2343	2360	2792	3234	4088	4619
- Guaranteed	978	961	529	398	195	86	36
- Commercial	510	1382	1831	2394	3040	4002	4583
Long-term loans - payment	582	930	863	1472	1949	2643	3307
- Old debt	582	764	419	659	611	711	668
- New debt		166	444	814	1338	1932	2640
- IMF		195	38	70	139	128	70
a) Guaranteed	0	0	2	5	50	101	110
6) Commercial (5 years, 5% interest)	0	166	442	809	1287	1831	2530
Short-term credit lines - net	96						
Balance on credit transactions	1002	1413	1497	1319	1285	1444	1311
Capital investment	1009	1087	1190	1437	1581	1602	1530
Direct investments - net	900	987	1190	1437	1581	1601	1528
<i>Share of FDI in overall investments</i>	<i>0.256</i>	<i>0.250</i>	<i>0.260</i>	<i>0.270</i>	<i>0.260</i>	<i>0.230</i>	<i>0.200</i>
Savings (new) at home	281	289	302	319	341	367	395
One-off exchange offices	138	142	148	157	168	180	194
Payment of frozen F/C deposits	-284	-260	-246	-241	-242	-249	-260
Other	-26	-171	-204	-235	-266	-297	-326
Capital account balance	2011	2500	2687	2756	2867	3047	2842
- of which: inflow of capital and loans	2593	3430	3550	4229	4816	5690	6149
Errors and omissions	207	175	164	224	127	139	199
Foreign exchange reserves - changes	-34	148	282	390	421	454	491
MEMORANDUM ITEMS							
Outstanding debt	13575	16476	17973	19292	20578	22022	23333
Old debt	13575	12811	12393	11734	11123	10411	9744
New debt		3665	5580	7558	9455	11610	13589
- Guaranteed	978	1939	2465	2858	3002	2987	2913
- Commercial	510	1726	3115	4700	6453	8623	10676
Financial gap – cumulative	370	395	404	470	437	417	464
Debt servicing	852	1451	1466	2163	2734	3514	4304
Principal amortization	582	930	863	1472	1949	2643	3307
Interest payment	270	521	603	691	785	871	997
Foreign exchange reserves	4401	4549	4831	5220	5641	6095	6586
GDP growth rate (in USD)	1.122	1.029	1.044	1.057	1.070	1.076	1.076
Debt service ratio	16.9	25.4	23.0	30.7	34.4	39.5	42.7
Share of goods export in GDP	17.4	19.0	20.4	21.3	22.4	23.3	24.6
Share of goods and services export in GDP	23.7	26.1	27.9	29.2	30.7	31.9	33.7
Share of goods and services import in GDP	50.6	52.1	53.0	53.3	53.8	54.0	54.3
External debt/export of goods and services	268.8	288.2	281.5	273.5	259.0	247.7	231.4
External debt/export of goods	366.1	394.7	385.6	374.6	354.8	339.3	317.0
External debt/GDP	63.7	75.1	78.5	79.8	79.5	79.1	77.9
Share of interest in GDP	0.9	2.1	2.3	2.5	2.7	2.8	3.0
Debt servicing/GDP	4.00	6.61	6.40	8.94	10.57	12.62	14.37
Share of foreign investments in GDP	4.22	4.50	5.20	5.94	6.11	5.75	5.10

* The debt service ratio also includes IMF loan repayments, which are not normally calculated in debt indicators.

Table 7

GDP BALANCE –BASIC SCENARIO – with higher FDI

	2004	2005	2006	2007	2008	2009	2010
GDP, USD million, at current exchange rate	21309	21935	22890	24185	25870	27840	29953
GDP, real growth	6.1	4.6	5	5	5	5	5
GDP, at current prices, CSD billion	1,255.3	1,469.3	1,652.0	1,839.1	2,034.6	2,253.1	2,494.4
Domestic demand	1,572.5	1,827.8	2,040.2	2,252.9	2,472.1	2,714.9	2,968.4
Consumption	1365.4	1563.3	1709.8	1848.3	1993.9	2151.7	2332.3
Personal consumption	1076.6	1240.1	1354.6	1471.3	1587.0	1716.8	1870.8
Public (collective) consumption	288.7	323.2	355.2	377.0	406.9	434.8	461.5
Investment	207.1	264.5	330.4	404.6	478.1	563.3	636.1
Export of goods and services, net	-317.2	-358.5	-388.2	-413.8	-437.4	-461.9	-473.9
Net exports, share in %	-25.3	-24.4	-23.5	-22.5	-21.5	-20.5	-19.0
Consumption, share in %	108.8	106.4	103.5	100.5	98.0	95.5	93.5
Consumption, real growth in %	7.7	1.6	2.0	2.1	2.7	2.7	3.1
Personal consumption, share in %	85.8	84.4	82.0	80.0	78.0	76.2	75.0
Public (collective) consumption, share in %	23.0	22.0	21.5	20.5	20.0	19.3	18.5
Investment, share in %	16.5	18.0	20.0	22.0	23.5	25.0	25.5
Investment, real growth in %	15.2	11.5	16.3	15.8	12.9	12.6	7.9
Trade balance (goods and services), in USD million	-5728	-5702	-5744	-5827	-5975	-6151	-6169
Balance with other Republic, in USD million	343	350	365	386	413	444	478
Total for GDP balance (net export)	-5385	-5352	-5379	-5442	-5562	-5707	-5691
USD/dinar exchange rate	58.9	67.0	72.2	76.0	78.6	80.9	83.3
GDP deflator, in %	8.7	11.9	7.1	6.0	5.4	5.5	5.4
Domestic demand deflator in %	9.4	12.9	7.2	5.9	5.0	5.0	5.0
Consumption deflator in %	9.3	12.7	7.2	5.9	5.1	5.1	5.1
Investment deflator, in %	10.1	14.5	7.4	5.8	4.7	4.7	4.7
Retail prices (average growth in %)	9.5	12.8	7.2	5.9	5.0	5.0	5.0

Table 8

BALANCE OF PAYMENTS –BASIC SCENARIO – with higher FDI

	2004*	2005*	2006	2007	2008	2009	2010
A. CURRENT TRANSACTIONS							
Export of goods	3708	4174	4661	5149	5800	6490	7362
Export of services	1343	1544	1724	1905	2145	2400	2723
Export of goods and services	5051	5718	6385	7054	7946	8891	10085
<i>Growth rate of goods and services export</i>	<i>1.33</i>	<i>1.132</i>	<i>1.12</i>	<i>1.10</i>	<i>1.13</i>	<i>1.12</i>	<i>1.13</i>
Import of goods	9803	10278	10917	11593	12528	13538	14628
Import of services	976	1142	1213	1288	1392	1504	1625
Import of goods and services	10779	11420	12130	12881	13920	15042	16254
<i>Growth rate of goods and services import</i>	<i>1.31</i>	<i>1.059</i>	<i>1.06</i>	<i>1.06</i>	<i>1.08</i>	<i>1.08</i>	<i>1.08</i>
Balance on goods	-6095	-6104	-6256	-6444	-6728	-7048	-7267
Balance on services	367	402	511	616	753	896	1097
Balance on goods and services	-5728	-5702	-5744	-5827	-5975	-6151	-6169
Interest paid	270	506	550	588	619	622	653
-New debt	0	96	153	199	232	261	285
a) Guaranteed	0	51	73	86	88	87	83
- IMF		21	15	14	10	7	3
6) Commercial	0	45	80	113	145	174	202
- Old debt	330	414	401	393	390	365	371
Interest collected	69	71	74	78	84	90	97
Balance on interest	-201	-435	-476	-510	-535	-532	-556
Net current transfers	3221	3309	3454	3649	3903	4200	4519
- Exchange offices	1693	1743	1819	1921	2055	2212	2380
- Montenegro and Kosovo	346	350	365	386	413	444	478
- Other	1182	1217	1270	1342	1435	1544	1662
Current account balance (excl. grants)	-2708	-2828	-2767	-2688	-2607	-2483	-2206
Official transfers (grants)	456	315	250	200	200		
B. CAPITAL ACCOUNT							
Long-term loans - inflow	1488	1750	1444	1462	1410	1478	1563
- Guaranteed	978	961	529	398	195	86	36
- Commercial	510	790	916	1064	1216	1392	1528
Long-term loans - payment	582	930	745	1171	1381	1711	1853
- Old debt	582	764	419	659	611	711	668
- New debt		166	326	512	770	1000	1185
- IMF		195	38	70	139	128	70
a) Guaranteed	0	0	2	5	50	101	110
6) Commercial (5 years, 5% interest)	0	166	324	507	720	899	1075
Short-term credit lines - net	96						
Balance on credit transactions	1002	821	700	291	29	-233	-290
Capital investment	1009	1679	1877	2394	2615	2994	2829
Direct investments - net	900	1579	1877	2394	2614	2993	2826
<i>Share of FDI in overall investments</i>	<i>0.256</i>	<i>0.400</i>	<i>0.410</i>	<i>0.450</i>	<i>0.430</i>	<i>0.430</i>	<i>0.370</i>
Savings (new) at home	281	289	302	319	341	367	395
One-off exchange offices	138	142	148	157	168	180	194
Payment of frozen F/C deposits	-284	-260	-246	-241	-242	-249	-260
Other	-26	-171	-204	-235	-266	-297	-326
Capital account balance	2011	2500	2577	2685	2644	2761	2539
- of which: inflow of capital and loans	2593	3430	3321	3856	4025	4472	4392
Errors and omissions	207	160	222	193	183	176	157
Foreign exchange reserves - changes	-34	148	282	390	421	454	491
MEMORANDUM ITEMS							
Outstanding debt	13575	15884	16583	16874	16903	16670	16380
Old debt	13575	12811	12393	11734	11123	10411	9744
New debt		3072	4191	5140	5781	6259	6637
- Guaranteed	978	1939	2465	2858	3002	2987	2913
- Commercial	510	1134	1725	2282	2778	3271	3723
Financial gap – cumulative	370	381	451	490	522	551	573
Debt servicing	852	1436	1295	1759	2000	2333	2506
Principal amortization	582	930	745	1171	1381	1711	1853
Interest payment	270	506	550	588	619	622	653
Foreign exchange reserves	4401	4549	4831	5220	5641	6095	6586
GDP growth rate (in USD)	1.122	1.029	1.044	1.057	1.070	1.076	1.076
Debt service ratio	16.9	25.1	20.3	24.9	25.2	26.2	24.8
Share of goods export in GDP	17.4	19.0	20.4	21.3	22.4	23.3	24.6
Share of goods and services export in GDP	23.7	26.1	27.9	29.2	30.7	31.9	33.7
Share of goods and services import in GDP	50.6	52.1	53.0	53.3	53.8	54.0	54.3
External debt/export of goods and services	268.8	277.8	259.7	239.2	212.7	187.5	162.4
External debt/export of goods	366.1	380.5	355.8	327.7	291.4	256.9	222.5
External debt/GDP	63.7	72.4	72.4	69.8	65.3	59.9	54.7
Share of interest in GDP	0.9	2.0	2.1	2.1	2.1	1.9	1.9
Debt servicing/GDP	4.00	6.55	5.66	7.27	7.73	8.38	8.37
Share of foreign investments in GDP	4.22	7.20	8.20	9.90	10.11	10.75	9.44

* The debt service ratio also includes IMF loan repayments, which are not normally calculated in debt indicators.

[Table 9](#)

GDP BALANCE –BASIC SCENARIO – with smaller trade deficit

	2004	2005	2006	2007	2008	2009	2010
GDP, USD million, at current exchange rate	21309	21945	22904	24196	25866	27812	29894
GDP, real growth	6.1	4.6	5	5	5	5	5
GDP, at current prices, CSD billion	1,255.3	1,470.0	1,652.9	1,840.0	2,034.3	2,250.9	2,489.5
Domestic demand	1,572.5	1,808.1	2,000.1	2,180.4	2,390.3	2,599.7	2,850.4
Consumption	1365.4	1543.5	1669.5	1775.6	1912.2	2037.0	2215.6
Personal consumption	1076.6	1234.8	1355.4	1462.8	1586.8	1710.7	1892.0
Public (collective) consumption	288.7	308.7	314.1	312.8	325.5	326.4	323.6
Investment	207.1	264.6	330.6	404.8	478.1	562.7	634.8
Export of goods and services, net	-317.2	-338.1	-347.1	-340.4	-356.0	-348.9	-361.0
Net exports, share in %	-25.3	-23.0	-21.0	-18.5	-17.5	-15.5	-14.5
Consumption, share in %	108.8	105.0	101.0	96.5	94.0	90.5	89.0
Consumption, real growth in %	7.7	0.3	0.9	0.4	2.5	1.4	3.5
Personal consumption, share in %	85.8	84.0	82.0	79.5	78.0	76.0	76.0
Public (collective) consumption, share in %	23.0	21.0	19.0	17.0	16.0	14.5	13.0
Investment, share in %	16.5	18.0	20.0	22.0	23.5	25.0	25.5
Investment, real growth in %	15.2	11.3	16.3	15.7	12.7	12.3	7.6
Trade balance (goods and services), in USD million	-5728	-5397	-5175	-4862	-4939	-4755	-4812
Balance with other Republic, in USD million	343	350	365	386	413	444	477
Total for GDP balance (net export)	-5385	-5047	-4810	-4476	-4526	-4311	-4335
USD/dinar exchange rate	58.9	67.0	72.2	76.0	78.6	80.9	83.3
GDP deflator, in %	8.7	12.0	7.1	6.0	5.3	5.4	5.3
Domestic demand deflator in %	9.4	12.9	7.2	5.9	5.0	5.0	5.0
Consumption deflator in %	9.3	12.7	7.2	5.9	5.1	5.1	5.1
Investment deflator, in %	10.1	14.8	7.4	5.8	4.8	4.8	4.8
Retail prices (average growth in %)	9.5	12.8	7.2	5.9	5.0	5.0	5.0

Table 10

BALANCE OF PAYMENTS –BASIC SCENARIO – with lower trade deficit

	2004*	2005*	2006	2007	2008	2009	2010
A. CURRENT TRANSACTIONS							
Export of goods	3708	4176	4626	5152	5763	6616	7347
Export of services	1343	1545	1711	1905	2132	2447	2717
Export of goods and services	5051	5720	6338	7057	7895	9063	10064
<i>Growth rate of goods and services export</i>	<i>1.33</i>	<i>1.133</i>	<i>1.11</i>	<i>1.11</i>	<i>1.12</i>	<i>1.15</i>	<i>1.11</i>
Import of goods	9803	10006	10361	10728	11551	12436	13388
Import of services	976	1112	1151	1192	1283	1382	1488
Import of goods and services	10779	11118	11513	11920	12834	13817	14876
<i>Growth rate of goods and services import</i>	<i>1.31</i>	<i>1.031</i>	<i>1.04</i>	<i>1.04</i>	<i>1.08</i>	<i>1.08</i>	<i>1.08</i>
Balance on goods	-6095	-5830	-5735	-5576	-5787	-5820	-6041
Balance on services	367	433	560	714	848	1065	1230
Balance on goods and services	-5728	-5397	-5175	-4862	-4939	-4755	-4812
Interest paid	270	506	550	588	619	622	653
-New debt	0	96	153	199	233	261	285
a) Guaranteed	0	51	73	86	88	87	83
- IMF		21	15	14	10	7	3
6) Commercial	0	45	80	113	145	174	202
- Old debt	330	414	401	393	390	365	371
Interest collected	69	71	74	78	84	90	97
Balance on interest	-201	-435	-476	-510	-535	-532	-556
Net current transfers	3221	3311	3456	3651	3902	4196	4510
- Exchange offices	1693	1744	1820	1922	2055	2210	2375
- Montenegro and Kosovo	346	350	365	386	413	444	477
- Other	1182	1217	1270	1342	1435	1543	1658
Current account balance (excl. grants)	-2708	-2522	-2196	-1721	-1572	-1091	-857
Official transfers (grants)	456	315	250	200	200		
B. CAPITAL ACCOUNT							
Long-term loans - inflow	1488	1751	1445	1462	1410	1476	1560
- Guaranteed	978	961	529	398	195	86	36
- Commercial	510	790	916	1065	1216	1391	1525
Long-term loans - payment	582	930	745	1171	1382	1711	1853
- Old debt	582	764	419	659	611	711	668
- New debt		166	326	512	770	1000	1185
- IMF		195	38	70	139	128	70
a) Guaranteed	0	0	2	5	50	101	110
6) Commercial (5 years, 5% interest)	0	166	324	507	720	899	1075
Short-term credit lines - net	96						
Balance on credit transactions	1002	821	700	291	29	-235	-293
Capital investment	1009	1088	1191	1438	1581	1600	1526
Direct investments - net	900	988	1191	1437	1580	1599	1525
<i>Share of FDI in overall investments</i>	<i>0.256</i>	<i>0.250</i>	<i>0.260</i>	<i>0.270</i>	<i>0.260</i>	<i>0.230</i>	<i>0.200</i>
Savings (new) at home	281	289	302	319	341	367	394
One-off exchange offices	138	142	148	157	168	180	194
Payment of frozen F/C deposits	-284	-260	-246	-241	-242	-249	-260
Other	-26	-171	-204	-235	-266	-297	-326
Capital account balance	2011	1909	1891	1729	1610	1366	1234
- of which: inflow of capital and loans	2593	2839	2636	2900	2991	3077	3087
Errors and omissions	207	214	207	136	131	122	51
Foreign exchange reserves - changes	-34	-84	153	343	369	397	427
MEMORANDUM ITEMS							
Outstanding debt	13575	15884	16584	16875	16904	16669	16377
Old debt	13575	12811	12393	11734	11123	10411	9744
New debt		3073	4192	5142	5781	6258	6633
- Guaranteed	978	1939	2465	2858	3002	2987	2913
- Commercial	510	1134	1726	2284	2779	3270	3720
Financial gap – cumulative	370	462	551	584	617	665	652
Debt servicing	852	1436	1295	1759	2001	2333	2506
Principal amortization	582	930	745	1171	1382	1711	1853
Interest payment	270	506	550	588	619	622	653
Foreign exchange reserves	4401	4317	4470	4813	5181	5578	6006
GDP growth rate (in USD)	1.122	1.030	1.044	1.056	1.069	1.075	1.075
Debt service ratio	16.9	25.1	20.4	24.9	25.3	25.7	24.9
Share of goods export in GDP	17.4	19.0	20.2	21.3	22.3	23.8	24.6
Share of goods and services export in GDP	23.7	26.1	27.7	29.2	30.5	32.6	33.7
Share of goods and services import in GDP	50.6	50.7	50.3	49.3	49.6	49.7	49.8
External debt/export of goods and services	268.8	277.7	261.7	239.1	214.1	183.9	162.7
External debt/export of goods	366.1	380.4	358.5	327.6	293.3	252.0	222.9
External debt/GDP	63.7	72.4	72.4	69.7	65.4	59.9	54.8
Share of interest in GDP	0.9	2.0	2.1	2.1	2.1	1.9	1.9
Debt servicing/GDP	4.00	6.54	5.65	7.27	7.73	8.39	8.38
Share of foreign investments in GDP	4.22	4.50	5.20	5.94	6.11	5.75	5.10

* The debt service ratio also includes IMF loan repayments, which are not normally calculated in debt indicators.

Table 11

GDP BALANCE –BASIC SCENARIO – with weaker dollar

	2004	2005	2006	2007	2008	2009	2010
GDP, USD million, at current exchange rate	21309	24215	25270	26699	28559	30734	33068
GDP, real growth	6.1	4.6	5	5	5	5	5
GDP, at current prices, CSD billion	1,255.3	1,474.6	1,658.0	1,845.8	2,042.0	2,261.2	2,503.5
Domestic demand	1,572.5	1,834.4	2,047.6	2,261.1	2,481.0	2,724.8	2,979.1
Consumption	1365.4	1569.0	1716.0	1855.0	20011	2159.5	2340.7
Personal consumption	1076.6	1244.6	1359.5	1476.6	1592.7	1723.0	1877.6
Public (collective) consumption	288.7	324.4	356.5	378.4	408.4	436.4	463.1
Investment	207.1	265.4	331.6	406.1	479.9	565.3	638.4
Export of goods and services, net	-317.2	-359.8	-389.6	-415.3	-439.0	-463.5	-475.7
Net exports, share in %	-25.3	-24.4	-23.5	-22.5	-21.5	-20.5	-19.0
Consumption, share in %	108.8	106.4	103.5	100.5	98.0	95.5	93.5
Consumption, real growth in %	7.7	1.9	2.0	2.1	2.7	2.7	3.1
Personal consumption, share in %	85.8	84.4	82.0	80.0	78.0	76.2	75.0
Public (collective) consumption, share in %	23.0	22.0	21.5	20.5	20.0	19.3	18.5
Investment, share in %	16.5	18.0	20.0	22.0	23.5	25.0	25.5
Investment, real growth in %	15.2	12.7	16.3	15.8	12.9	12.6	7.9
Trade balance (goods and services), in USD million	-5728	-6295	-6342	-6433	-6596	-6791	-6811
Balance with other Republic, in USD million	343	386	403	426	456	490	528
Total for GDP balance (net export)	-5385	-5909	-5939	-6007	-6140	-6301	-6283
USD/dinar exchange rate	58.9	60.9	65.6	69.1	71.5	73.6	75.7
GDP deflator, in %	8.7	12.4	7.1	6.0	5.4	5.5	5.4
Domestic demand deflator in %	9.4	12.9	7.2	5.9	5.0	5.0	5.0
Consumption deflator in %	9.3	12.7	7.2	5.9	5.1	5.1	5.1
Investment deflator, in %	10.1	13.7	7.4	5.8	4.7	4.7	4.7
Retail prices (average growth in %)	9.5	12.8	7.2	5.9	5.0	5.0	5.0

Table 12

BALANCE OF PAYMENTS –BASIC SCENARIO – with weaker dollar

	2004*	2005*	2006	2007	2008	2009	2010
A. CURRENT TRANSACTIONS							
Export of goods	3708	4608	5146	5685	6403	7165	8127
Export of services	1343	1704	1903	2103	2368	2650	3006
Export of goods and services	5051	6312	7049	7788	8772	9815	11133
<i>Growth rate of goods and services export</i>	<i>1.33</i>	<i>1.250</i>	<i>1.12</i>	<i>1.10</i>	<i>1.13</i>	<i>1.12</i>	<i>1.13</i>
Import of goods	9803	11347	12052	12799	13831	14945	16149
Import of services	976	1261	1339	1422	1537	1661	1794
Import of goods and services	10779	12607	13391	14221	15368	16606	17944
<i>Growth rate of goods and services import</i>	<i>1.31</i>	<i>1.170</i>	<i>1.06</i>	<i>1.06</i>	<i>1.08</i>	<i>1.08</i>	<i>1.08</i>
Balance on goods	-6095	-6739	-6906	-7114	-7428	-7780	-8022
Balance on services	367	444	564	681	832	989	1212
Balance on goods and services	-5728	-6295	-6342	-6433	-6596	-6791	-6811
Interest paid	270	508	557	599	634	641	675
-New debt	0	98	159	209	247	279	307
a) Guaranteed	0	51	73	86	88	87	83
- IMF		21	15	14	10	7	3
6) Commercial	0	47	86	124	159	193	224
- Old debt	330	439	425	417	414	387	393
Interest collected	69	78	82	86	92	100	107
Balance on interest	-201	-430	-475	-512	-541	-541	-568
Net current transfers	3221	3654	3813	4028	4309	4637	4989
- Exchange offices	1693	1924	2008	2121	2269	2442	2627
- Montenegro and Kosovo	346	386	403	426	456	490	528
- Other	1182	1343	1402	1481	1584	1705	1834
Current account balance (excl. grants)	-2708	-3071	-3004	-2917	-2828	-2695	-2389
Official transfers (grants)	456	315	250	200	200		
B. CAPITAL ACCOUNT							
Long-term loans - inflow	1488	1832	1540	1572	1537	1622	1722
- Guaranteed	978	961	529	398	195	86	36
- Commercial	510	872	1011	1175	1342	1537	1686
Long-term loans - payment	582	976	786	1246	1476	1837	2005
- Old debt	582	810	444	699	648	754	708
- New debt		166	342	547	828	1083	1297
- IMF		195	38	70	139	128	70
a) Guaranteed	0	0	2	5	50	101	110
6) Commercial (5 years, 5% interest)	0	166	340	543	777	982	1187
Short-term credit lines - net	96						
Balance on credit transactions	1002	857	753	326	61	-214	-283
Capital investment	1009	1235	1361	1636	1799	1826	1751
Direct investments - net	900	1090	1314	1586	1745	1767	1686
<i>Share of FDI in overall investments</i>	<i>0.256</i>	<i>0.250</i>	<i>0.260</i>	<i>0.270</i>	<i>0.260</i>	<i>0.230</i>	<i>0.200</i>
Savings (new) at home	281	319	333	352	377	405	436
One-off exchange offices	138	157	164	173	185	199	214
Payment of frozen F/C deposits	-284	-260	-246	-241	-242	-249	-260
Other	-26	-171	-204	-235	-266	-297	-326
Capital account balance	2011	2092	2114	1962	1860	1612	1468
- of which: inflow of capital and loans	2593	3067	2900	3208	3336	3448	3473
Errors and omissions	207	1285	951	1186	1233	1585	1464
Foreign exchange reserves - changes	-34	621	311	430	464	502	542
MEMORANDUM ITEMS							
Outstanding debt	13575	15920	16673	16999	17060	16846	16563
Old debt	13575	12765	12321	11623	10975	10220	9512
New debt		3154	4352	5377	6086	6625	7051
- Guaranteed	978	1939	2465	2858	3002	2987	2913
- Commercial	510	1216	1886	2518	3083	3638	4137
Financial gap – cumulative	370	1471	2256	3274	4343	5768	7085
Debt servicing	852	1484	1343	1845	2110	2478	2680
Principal amortization	582	976	786	1246	1476	1837	2005
Interest payment	270	508	557	599	634	641	675
Foreign exchange reserves	4401	5022	5333	5763	6227	6729	7271
GDP growth rate (in USD)	1.122	1.136	1.044	1.057	1.070	1.076	1.076
Debt service ratio	16.9	23.5	19.1	23.7	24.1	25.2	24.1
Share of goods export in GDP	17.4	19.0	20.4	21.3	22.4	23.3	24.6
Share of goods and services export in GDP	23.7	26.1	27.9	29.2	30.7	31.9	33.7
Share of goods and services import in GDP	50.6	52.1	53.0	53.3	53.8	54.0	54.3
External debt/export of goods and services	268.8	252.2	236.5	218.3	194.5	171.6	148.8
External debt/export of goods	366.1	345.5	324.0	299.0	266.4	235.1	203.8
External debt/GDP	63.7	65.7	66.0	63.7	59.7	54.8	50.1
Share of interest in GDP	0.9	1.8	1.9	1.9	1.9	1.8	1.7
Debt servicing/GDP	4.00	6.13	5.31	6.91	7.39	8.06	8.10
Share of foreign investments in GDP	4.22	4.50	5.20	5.94	6.11	5.75	5.10

* The debt service ratio also includes IMF loan repayments, which are not normally calculated in debt indicators.

AUTHORS:

From the National Bank of Serbia

Branko Hinić

Marina Mladenović-Komatina

Snežana Pajić

Mirko Djukić

Milorad Potić

External consultants of the National Bank of Serbia

Stojan Stamenković

Miladin Kovačević