

INTERNATIONAL INVESTMENT POSITION AT THE END OF 1997-2002

This publication includes time series of indicators on International Investment Position of the Republic of Armenia at the end of 1997-2002.

The International Investment Position (IIP) is a statistical report reflecting the financial assets and liabilities level of country at beginning and end of a period. At the same time the report represents all the changes occurred due to financial transactions, prices, exchange rate and other adjustments in the reference period.

IIP and BOP jointly describe the economic relations between the economy of country and external world and may be served as an informational basis for the processes of internal and external economic policy making of the country. The information describing external economic relations is used to reveal the reasons of different external and internal imbalances. Stipulated by the mentioned circumstances, the analysis of IIP and BOP plays an important role for the country economic policy making.

IIP is closely linked to the BOP. All transactions connected with foreign assets and liabilities are recorded in the BOP financial account. Certainly, these transactions impact upon stocks of foreign assets and liabilities reflected in IIP. At the same time there are also other factors (price changes, exchange rate changes), which bring to changes in value of assets and liabilities over the period. These changes are also reflected in IIP.

IIP reflects the stocks of foreign financial assets and liabilities of economy, while the BOP financial account – the transactions (flows over the specific period) implemented with these assets and liabilities. The change in assets and liabilities stipulated by price, exchange rate and other changes, is not reflected in BOP.

IIP consists of 2 parts: assets and liabilities. And assets are divided into 4 groups:

- Direct investments,
- Portfolio investments,
- Other investments,
- Reserve assets.

The liabilities consist of direct, portfolio and other investments.

Direct investments consist of two subgroups:

- a/ Equity capital and reinvested earnings,
- b/ other capital (inside-firm transactions).

The portfolio investments are classified by financial instruments (equities, debt liabilities) and economy sectors.

Other investments are also classified by instruments and economy sectors.

Reserve assets comprise monetary gold, special drawing rights (SDRs), position in the IMF, and foreign exchange assets.

The difference between financial assets and liabilities shows the net international investment position of economy. Net positive international investment position means, that the given country is a creditor, while in case of negative position – a debtor. Net international investment position also characterizes the national wealth of country. It can be estimated

adding net international investment position and non-financial assets of country (material: fixed assets, current assets, national wealth and etc., non-material: patents, software and etc.).

IIP changes item consists of 4 main parts:

1. Transactions changes, which occur during the financial transactions in the reporting period,
2. Price changes, which occur due to changes in prices of financial assets,
3. Exchange rate changes, which occur due to valuation and devaluation of exchange rate,
4. Other adjustments, which occur due to distribution of Special Drawing Rights (SDRs) means, monetarization and demonetization of gold, investment reclassification, in cases of unilateral withdrawing of investment by investor and etc.

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The international investment position of the Republic of Armenia is compiled according to the methodology of BOP manual fifth edition (1993) published by IMF.

The NSS of RA, through this publication, made verifications of some IIP indicators published previously that have mostly been stipulated by verification of data received from reporting units and investment estimation.

The users are kindly asked to apply to the National Statistical Service of the Republic of Armenia in case of queries and recommendations.

Conventional symbols

Data are adjusted	◇
Not applicable	...
Data not available	0
Quantity negligible	0.0

Responsible for the issue

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