4. Balance of Payments and Foreign Trade

Current account balance of payments deficit is still relatively low compared to earlier values. In Q3 2016, it amounted to 240 million euro, i.e. 2.7% of GDP. Such a level of current deficit is due to reduced foreign trade deficit, which was the consequence of lower trade deficit and higher surplus on the Services account. Reduction in the value of trade deficit is the result of still faster growth of exports than imports, which leads to continued growth of coverage of imports by exports, which is almost 80%. Still, according to seasonally adjusted data, both exports and imports are lower compared to the previous quarter, with a significantly more pronounced import value. During Q3 there was a smaller inflow on the Secondary Income account and almost unchanged balance on the Primary Income account. Considering current trends, it is our estimate that the current deficit in 2016 will be extremely low, i.e. around 4% of GDP. We estimate that the goal of economic policy in the coming years should be further reduction of current account deficit, followed by a realisation of a surplus. The key part could be played by a slower growth of domestic demand than of the growth of GDP, as well as maintaining the dinar on its current course. In the coming period, the level of current deficit will probably be positively influenced by more favourable estimates of the growth of Eurozone's economy, while the expected and already begun increase in energy prices on the global market will have a negative impact on foreign trade balance. On the financial side of the balance of payments, there is still a positive tendency of a significant inflow of capital thanks to a considerable inflow of FDI. What is particularly significant is that the amount of net FDI inflow, in both Q3 and the first nine months of 2016, has surpassed the amount of current account deficit, which is expected at the annual level as well. If there are parliamentary elections next year, they will have a certain influence on a temporary deceleration of inflow of foreign capital.

Reduced value of current account deficit in Q3 2016 compared to Q3 2015...

...the result of reduced foreign trade deficit

In Q3 2016 current account deficit was 240 million euro, i.e. 2.7%

Q3 2016 recorded a year-on-year decrease in the value of current account deficit compared to Q3 2015. The decline of current deficit is the result of the lower value of foreign trade deficit, while on the other hand, a decrease in net inflow on the Secondary Income account was recorded in the same period, as well as an almost unchanged balance on the Primary Income account. During Q3 2016, current account deficit was 240 million euro, i.e. 2.7% of GDP, which is a 1.2 pp of GDP decline compared to the same period in 2015, as well as a 0.4 pp of GDP decline compared to Q2 2016 (Table T4-1). Based on existing trends, it is our estimate that the current deficit in 2016 will be low, i.e. around 4% of GDP. We also estimate that the goal of economic policy in export oriented model of economic development, should be further reduction of current account deficit, with the aim of realising a surplus in the mid-term. The key role in achieving this goal, in the domain of economic policy, is played by the policy of controlling domestic demand and maintaining the course of dinar at a competitive level. In the coming period, the level of current deficit will be positively affected by a higher growth of Eurozone's economy (if the expectations are realised), and it will be negatively affected by the probable further increase of energy prices on the global market, i.e. general deterioration of very favourable trade ratios from the past, and certainly depletion of effects on this basis due to a low base.

Table T4-1 Serbia: Balance of Payments

	2014	2015	2015				2016		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
					mil. euros				
CURRENT ACCOUNT	-1,985	-1,577	-511	-279	-343	-445	-369	-271	-240
Goods	-4,111	-3,993	-1,046	-872	-895	-1,180	-752	-923	-815
Credit	10,641	11,357	2,601	2,997	2,882	2,877	2,953	3,307	3,122
Debit	14,752	15,350	3,648	3,869	3,777	4,057	3,705	4,230	3,937
Services	465	725	136	114	215	260	182	188	273
Credit	3,810	4,273	927	1,004	1,167	1,175	992	1,068	1,267
Debit	3,344	3,548	791	890	952	915	810	880	994
Primary income	-1,343	-1,658	-296	-468	-491	-402	-469	-431	-490
Credit	642	682	144	203	165	170	142	185	135
Debit	1,985	2,340	441	671	656	572	611	615	625
Secondary income	3,003	3,349	695	948	828	877	670	895	792
Credit	3,400	3,795	789	1,060	946	1,000	772	1,010	922
Debit	397	446	93	112	117	123	102	115	131
Personal transfers, net [1)]	2,442	2,671	568	758	665	680	521	735	624
Of which: Workers' remittances	1,863	2,077	437	605	523	512	379	577	458
CAPITAL ACCOUNT - NET	7	-18	4	-1	1	-22	5	-4	-1
FINANCIAL ACCOUNT	-1,705	-1,205	-427	-139	-243	-396	-173	-158	-71
Direct investment - net	-1,236	-1,804	-339	-441	-510	-514	-459	-374	-438
Portfolio investment	-369	289	-474	341	105	317	363	331	-10
Financial derivatives	-6	2	2	4	-7	3	0	1	5
Other investment	1,703	141	273	-11	-131	10	760	200	40
Other equity	0	0	0	0	0	0	0	0	0
Currency and deposits	830	-218	69	79	-133	-233	318	20	-19
Loans	757	230	221	-39	-48	97	319	271	12
Central banks	574	153	57	55	26	15	12	7	4
Deposit-taking corporations,	795	434	100	103	10	222	100	197	73
General government	-728	-464	63	-220	-86	-221	30	11	16
Other sectors	115	107	0	23	2	82	178	55	-81
Insurance, pension, and standardized	0	0	0	0	0	0	0	0	0
Trade credit and advances	116	129	-17	-51	50	146	122	-91	47
Other accounts receivable/payable	0	0	0	0	0	0	0	0	0
SDR (Net incurrence of liabilities)	0	0	0	0	0	0	0	0	0
Reserve assets	-1,797	166	111	-32	300	-213	-836	-317	332
ERRORS AND OMISSIONS, net	273	390	80	141	99	70	190	118	171
PRO MEMORIA					in % of GDP				
Current account	-5.9	-4.7	-6.7	-3.2	-3.9	-5.2	-4.6	-3.1	-2.7
Balance of goods	-12.3	-11.9	-13.7	-10.1	-10.3	-13.7	-9.5	-10.7	-9.3
Exports of goods	31.8	33.8	34.2	34.7	33.2	33.3	37.2	38.3	35.6
Imports of goods	44.1	45.7	47.9	44.8	43.5	47.0	46.7	49.0	44.9
Balance of goods and services	-10.9	-9.7	-11.9	-8.8	-7.8	-10.7	-7.2	-8.5	-6.2
Personal transfers, net	7.3	8.0	7.5	8.8	7.7	7.9	6.6	8.5	7.1
GDP in euros [2)]	33,420	33,564	7,617	8,632	8,689	8,627	7,940	8,636	8,778

Note: Balance of Payments of the Republic of Serbia is in line with international guidelines stated in the IMF's Balance of Payment Manual no. 6 (BPM6).
Source: NBS
1) Personal Transfers present current transfer between resident and non-resident households.
2) Quarterly values. Conversion of annual GDP to EUR was done according to average annual exchange rate (average value of official daily middle exchange rates of NBS).

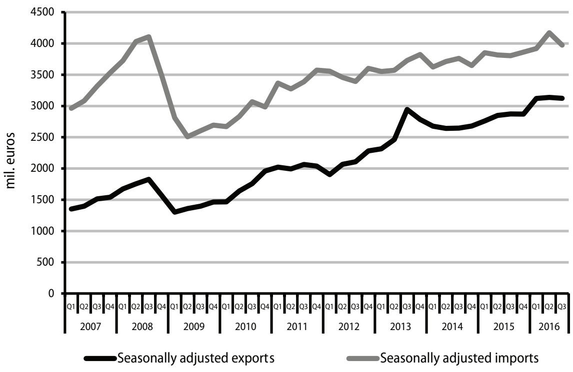
Relatively low trade deficit...

…and a considerable surplus in trade in services

Trade deficit is still relatively low and in Q3 2016 it was 815 million euro (9.4% of GDP). Such a level of trade deficit is lower by 1 pp of GDP compared to the same quarter of the previous year, and by 1.4 pp of GDP compared to Q2 2016. Exports are 35.6% of GDP, while imports are 44.9% of GDP. Therefore, Q3 2016 recorded a relatively high level of coverage of imports by exports, i.e. 79.3% which is by 1.1 pp above the coverage recorded in Q2 2016. Reduced value of trade deficit is the result of the still faster growth of exports than imports. The exports were 3,122 million euro and by 8.4% above the value of Q3 2015. On the other hand, goods in the value of 3,937 million euro have been imported, which is a year-on-year growth of 4.3%. Both exports and imports have decelerated their growth in Q3 compared to the previous quarter, but the deceleration of imports' growth is much more pronounced.

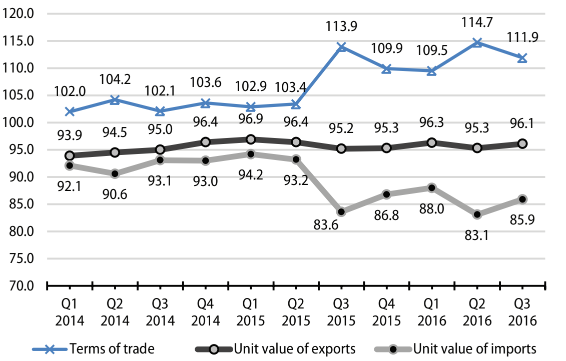
Seasonally adjusted data confirms this (Graph T4-2), as exports are by 0.4% below the realised value of Q2 2016, while imports are by 4.8% lower. Favourable trends in foreign trade values continued in October as well – exports continued their fast growth, while the growth of imports was negligible.

Graph T4-2 Serbia: Seasonally Adjusted Exports and Imports, Quarterly Values, 2007-2016



Source: NBS, SORS, *QM*

Graph T4-3 Year-on-Year Index of Trade Ratios, 2014-2016



Source: SORS, *QM*

On the other hand, in Q3 and expectedly in the coming period as well, the extremely favourable trade ratios, which existed in the last two years, are deteriorating. In Q3 there was an evident increase in the unit price of imports, which led to trade ratio index dropping from 114.7 in Q2 to 111.9 in Q3 2016 (Graph T4-2). This is still an extremely favourable index level, which is in great part responsible for the current low value of trade deficit. The deterioration of trade ratios was to be expected considering their dominantly cyclical nature. Still, it will probably be reduced in the coming period, due to depleting of effects of a low base, as well as due to a possible increase in energy prices on the global market.

The realised surplus in Q3 in trade in services was significant and it amounted to 273 million euro. This is a considerable growing amount of net revenue in the current section of the balance of payments, which, observed relatively compared to the level of GDP, reached in Q3 as much as 3.1% of its quarterly value[1]. Revenue from services was 1,267 million euro, while expenses were 994 million euro, making the revenue from service higher by 8.5% and expenses higher by 4.4% compared to Q3 of the previous year. Therefore, the foreign trade deficit is lower compared to the levels of previous quarters. In Q3 2016, it was 542 million euro, i.e. 6.2% of GDP, which is by 1.7 pp and 2.3 pp of GDP below the levels of Q3 2015 and Q2 2016, respectively. Export oriented development model, which is most suited for small open economies, requires a continuation in the reduction of foreign trade deficit in the coming years. There is a belief among part of the local experts that economic growth inevitably leads to a deterioration in foreign trade and current balance of payments, which is generally speaking wrong. Economic growth leads to a growth of foreign deficit only if it is dominantly generated by a growth in domestic demand. However, this is not the case when the growth is generated by exports or by investments in export oriented production, with domestic demand growing slightly slower than GDP.

Net outflow on the Primary Income account almost unchanged...

Net outflow on the Primary Income account is almost unchanged compared to the same period in 2015 and is 490 million euro (5.6% of GDP). This is a pretty high value of outflow on this basis and it is due to the net outflow of investments, which is 6.1% of GDP, out of which 3.9%, 1.3% and 1.2% of GDP are net outflows of direct, portfolio and other investments, respectively, and a smaller net inflow of 0.4% of GDP based on revenue from forex reserves. Secondary Income (net current transfers) is 792 million euros for the observed three-monthly period (9% of GDP) and is at a slightly lower level than last year. This is primarily due to a lower inflow of personal transfers, which in Q3 2016 amounted to 624 million euros – 7.1% of GDP, which is by 0.6 pp of GDP below the net inflow of Q3 of the previous year (see Table T4-1).

… Secondary Income on a slightly lower level than last year

1 Read more about the importance of net revenue on the Services account in this issue of QM.

Considerable capital inflow...

…owed to a significant net inflow of FDI...

…which is above the current deficit level...

Inflow of capital during Q3 was 403 million euros[2] and is primarily owed to the recorded net inflow on Direct Investment account, i.e. high net inflow of Foreign Direct Investments in the amount of 438 million euros[3] (see Table T4-1). Since the beginning of the year, the recorded net inflow from FDI has been 1,271 million euro. We estimate that the entire 2016 will record a significant inflow of FDI, which will be around 1.8-1.9 billion euros. On the Portfolio Investment account, a net inflow of 10 million euros was recorded, which is primarily due to non-residents buying seven-year government securities in July, which is mostly the result of the positive IMF assessment of the arrangement and improved country credit rating[4]. What is especially significant is that net FDI inflow in Q3 as well as since the beginning of the year, is higher than current account deficit, which is also expected on the annual level for 2016. Still, if there are parliamentary elections next year, they would probably cause a reduction in capital inflow, i.e. they will affect the readiness of foreign investors to invest in the first half of 2017.

Net outflow of other investments was 40 million euros, as a result of an outflow of financial loans in the amount of 12 million euros and of trade loans in the value of 47 million euros, as well as the inflow on the Cash and Deposit account of 19 million euros. NBS deleveraged by additional 4 million euros and the state by 16 million euros net (as a net result of allocated funds to payment of 200 million euro loans and additional borrowing in the amount of 184 million euros). Financial institutions continued to deleverage their foreign debts and in Q3, their net deleveraging amounted to 73 million euros. The business sector increased their borrowing by 81 million euro, which we see as a sign of their recovery.

…which has led to an increase in NBS forex reserves

High inflow of capital (primarily from FDI) in Q3 2016 was enough to cover the current deficit and lead to an increase in NBS forex reserves by 332 million euros (Table T4-1).

Exports

In Q3 exports were 3.34 billion euros...

…high year-on-year growth of 9.8% was recorded…

…with continued significant growth in October as well

During Q3, exports were 3,340 million euros, realising a significant year-on-year growth of 9.8% (Table T4-4). Although slightly decelerating their growth, exports recorded a significant increase in October with a year-on-year rate of 9.2%. According to SORS data, exports accelerated growth compared to the previous quarter[5]. Seasonally adjusted data in Q3 indicate a mild decline in exports of 0.4% compared to Q2 2016. Still, significantly high year-on-year rates indicate a favourable trend, which is mostly due to the recovery of export value of Intermediate Goods, Capital Goods (especially after excluding export of road vehicles) and Non-Durable Consumer Goods, which make most of the total exports (these three groups make 83% of total exported value). As the exports of road vehicles in Q3 2016 were slightly above last year's level (year-on-year growth of 0.64%), year-on-year growth rate of export excluding road vehicles was 10.7%. Thus observed exports also recorded an accelerated growth compared to Q2 2016.

Relatively low global energy prices are still affecting export value of energy products. *Energy* export value in Q3 was by 17.5% lower than the value of Q3 2015 and is mostly due to the price level. Once the effect of lower prices is eliminated, the decline of *Energy* exports amounts to 8.3%. We estimate that the decline in energy exports could be the result of the overhaul of certain facilities in the country. In the coming period, the negative contribution of low energy prices on domestic exports due to the low base will be depleted, and the effect could even take on an opposite trend in energy export values if energy prices possibly recover. Still, we should keep in mind that the share of exports of energy products in total exports is small, and so are the changes that could affect total export result, occurring due to some shifts in prices.

2 Inflow of capital was 574 million euros including the Errors and Omissions account.

3 Most of FDI were into processing industry, financial sector, construction, trade, real-estate, telecommunication and transport (NBS Inflation Report, November 2016, p. 21)

4 See NBS Inflation Report, November 2016, p. 21

5 SORS data for imports and exports of goods are different from the NBS data, which we used in the first part of the article, because they include goods sent for further processing (see Box 1 on changes in calculation methodology of Balance of Payments in QM 37). Therefore, there is a certain difference in levels of exports and imports, as well as in growth rates, depending on whether the source of data was NBS or SORS.

Table T4-4 Serbia: Exports, Year-on-Year Growth Rates, 2014–2016

	Exports share in 2015	2014	2015	2016			2015				2016		
				Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	in %	in mil. euros					in %						
Total	100.0	11,159	12,041	3,079	3,479	3,340	5.2	11.1	9.2	6.0	11.0	8.9	9.8
Total excluding road vehicles	88.3	9,621	10,630	2,682	3,049	3,071	6.1	15.2	12.5	8.0	13.5	9.9	10.7
Energy	2.8	414	342	77	100	84	-36.1	-16.0	-0.8	-17.8	24.7	-7.3	-17.5
Intermediate products	33.9	3,687	4,084	1,048	1,199	1,195	0.9	13.3	13.1	15.7	13.7	11.1	11.9
Capital products	25.4	2,877	3,064	835	921	763	5.8	4.2	5.3	12.3	9.8	9.2	11.6
Capital products excluding road vehicles	13.7	1,340	1,653	438	491	494	12.7	24.0	26.1	31.8	25.8	15.9	18.7
Durable consumer goods	5.5	586	664	156	187	191	8.6	15.2	19.7	9.6	18.0	10.7	6.6
Non-durable consumer goods	23.7	2,614	2,848	721	798	836	12.3	13.5	6.4	4.8	13.9	13.9	9.6
Other	8.6	981	1,040	242	275	271	19.6	32.7	10.2	-27.5	-8.5	-6.8	9.8

Source: SORS

All export groups, observed year-on-year, recorded a significant growth in export value

All export groups recorded a significantly higher values of exported goods in Q3 2016 compared to Q3 2015. From Q3 2015 to Q3 2016, exports of *Intermediate Goods* recorded an 11.9% growth, *Capital Goods* recorded 11.6% growth, *Other Goods* had 9.8% growth, *Non-Durable Consumer Goods* had a 9.6% increase, while *Durable Consumer Goods* had a 6.6% increase. Compared to the previous quarter, the exports of *Intermediate* and *Capital Goods* accelerated their growth, while exports of consumer goods (durable and non-durable) noticeably decelerated their growth. Such a high year-on-year growth of intermediate and capital goods, as well as Non-Durable Consumer Goods, is especially important, because the value of these products makes more than 4/5 of the total export value. *Capital Goods Excluding Road Vehicles* recorded a significant year-on-year growth of 18.7%. An important fact to note is that *Other Exports,* after a negative growth rate in the first half of the year, recorded a year-on-year growth during Q3 2016.

In Q3, as well as in the coming period, the value of exports will be significantly influenced by global prices and economic activity in the Eurozone

Since the beginning of the year, the real exchange rate recorded minor fluctuations at a pretty stable level, so the delayed effect was not significant for the export results of Q3. And let us bear in mind that in the conditions of productivity increase, a constant real exchange rate means growth of economy's competitiveness. In order to assess the economy's competitiveness, it is important to have reliable data on productivity trends[6] and real dinar exchange rate. In Q3, global grain prices were significantly lower than last year's (especially of corn and wheat, prices of which in October 2016 were at a level close to 90% and 75% compared to the same month in 2015, respectively), which had a negative effect on the realised value of exports in Q3. Despite all this, a significant value of exports of these products was recorded (especially in exports of corn, which is at the top of the list of our economy's export products). On the other hand, compared to the previous year, there has been a recovery in global metal prices. The latest estimates of Eurozone's economic growth in 2017 are more positive, which should make a positive contribution to the growth of local exports in the coming year.

Imports

In Q3 2016 imports decelerated their growth…

…and in October they were just 0.7% above the level of October last year

Imports in Q3 2016 were 4,224 million euros, which is by 5.0% above the value of Q3 2015 (Table T4-5). According to October data, value of imports was just 0.7% higher than the one in October 2015. Thus, after imports accelerated their growth in Q3, they decelerated during Q3, which was pronounced even more in October. In October, all product groups except *Non-Classified* (i.e. *Other Imports* in the table) recorded imports that were below last year's. Seasonally adjusted data for Q3 indicate that imports were significantly lower compared to the previous quarter – by as much as 4.8%.

...which is mostly the result of the decline in the value of Energy imports due to still low prices

The value of energy imports is one fifth below the value from the same quarter of 2015. Global price of energy products is by 10% below the price of Q3 of last year, so the decline of imported quantities of energy products is 10%. Reduction in the imported quantities can partly be explained by creating stock in the previous quarter due to the planned overhaul of Pancevo oil refinery[7]. Imports excluding energy recorded a year-on-year growth of 8.2%, which also repre-

6 See the section on labour market which analyses the influence of unreliable employment data on calculating productivity.
7 NBS Inflation Report, p. 35

sents a deceleration of growth of thus observed imports compared to the previous quarter (when year-on-year growth rate was 11.7%). Trends of imports excluding energy present a better approximation of trend import growth rate, i.e. growth of imports which could be expected when energy prices reach the multi-year average.

Aside from the reduction in the import value of energy products, decline in the value of imports was also recorded in *Capital Goods and Durable Consumer Goods*. On the other hand, imports of *Non-Durable Consumer Goods*, as well as *Intermediate Goods* recorded a modest year-on-year growth of 0.5% and 2.4%, respectively. At the same time, imports of goods classified under *Other Imports* recorded a high year-on-year growth of 65.4%[8].

Expectations are that in the coming period the effects of relatively low global energy prices on the reduction of import growth will be depleted. Most of the still low value of imports during Q3 could be explained by the still low domestic consumption, while the effect of foreign exchange rate is negligible. Still, we expect a recovery of imports in the coming period in line with the expected recovery of aggregate demand primarily from the growth of domestic consumption and investments in the next year.

Table T4-5 Serbia: Imports, Year-on-Year Growth Rates, 2014-2016

	Imports share in 2015	2014	2015	2016			2015				2016		
				Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	in %	in mil. euros								in %			
Total	100.0	15,490	16,388	3,981	4,526	4,224	8.7	5.4	2.5	6.7	2.7	8.7	5.0
Energy	11.4	2,180	1,873	341	382	361	-2.4	-8.2	-23.2	-22.2	-31.7	-16.4	-20.2
Intermediate products	33.7	5,156	5,526	1,266	1,457	1,451	2.4	6.0	6.9	13.5	5.4	6.0	2.4
Capital products	24.6	3,757	4,024	792	1,086	901	14.0	3.2	9.8	-1.9	-15.2	3.8	-5.2
Durable consumer goods	2.5	328	416	80	98	88	24.9	40.6	21.9	19.9	-14.3	-5.3	-6.7
Non-durable consumer goods	15.3	2,360	2,512	517	628	639	9.4	4.8	4.7	1.7	-7.9	6.1	0.5
Other	12.4	1,709	2,037	985	875	784	23.9	17.2	2.6	42.1	68.2	47.6	65.4
Imports excluding energy	88.6	13,311	14,514	3,640	4,144	3,863	10.6	7.3	7.0	11.5	7.8	11.7	8.2

Source: SORS

Foreign Debt

Foreign debt is 25.8 billion euros, i.e. 76.2% of GDP

Foreign debt at the end of June 2016 was 25,820 million euros (76.2% of GDP, Table T4-6). Foreign debt is by only 6 million euros lower than the one recorded three months earlier.

Public sector's foreign debt has been at an almost unchanged level since the beginning of 2015…

… while the level of private sector's foreign debt is gradually declining

Trends from the previous quarter are continuing – public sector's foreign debt has been at an almost unchanged level since the beginning of 2015, while the level of private sector's foreign debt is gradually declining. During Q2 2016, the state borrowed additional 97 million euros. On the other hand, the private sector reduced its level of foreign debt in this quarter (Table T4-6) by 90 million euros. The banks deleveraged their long-term foreign debts by 182 million euros, while at the same time companies increased their borrowing by 92 million euros. The level of short-term debt is lower by 12 million euros compared to the previous quarterly level, thanks to the reduction of banks' short-term debt.

Compared to the situation at the end of June 2015, the foreign debt is lower by 563 million euros. In this period, the growth of public sector's foreign debt was 156 million euros, while private sector reduced its foreign debt by 719 million euros. The public sector especially intensified its borrowing abroad during Q4 2015. Deleveraging of private sector's long-term debt in the observed period was 889 million euros. Out of that amount, the banks deleveraged 549 million euros, and companies deleveraged 342 million euros. Short-term debt was 171 million euro higher at the end of Q2 2016 compared to the situation at the end of Q2 2015. Banks' short-term debt was higher by 96 million euros, and business sector's by 75 million euros (Table T4-6).

8 The data is published in a way that a significant part of the imported produces are initially classified under Non-Classified Goods according to their EU purpose (item Other in Table T4-5), only to actually be classified later. That is why we expect there will be changes in the value of imports by components. We have written about this and about the need to publish more frequently revised data on imports and exports in the previous issues of *QM* (see for example *QM*43).

Table T4-6 Serbia: Foreign Debt Trend Dynamics, 2013–2016

	2013	2014	2015				2016	
			Mar.	Jun	Sep.	Dec.	Mar.	Jun
	stocks, in EUR millions, end of the period							
Total foreign debt	25,644	25,679	26,583	26,383	26,158	26,294	25,825	25,820
(in % of GDP) [4]	*74.8*	*76.8*	*80.4*	*79.8*	*78.7*	*78.3*	*76.2*	*76.2*
Public debt[1]	13,120	14,145	15,049	14,875	14,889	15,295	14,934	15,030
(in % of GDP)[4]	*38.3*	*42.3*	*45.5*	*45.0*	*44.8*	*45.6*	*44.1*	*44.3*
Long term	13,120	14,140	15,044	14,870	14,884	15,295	14,934	15,030
o/w: to IMF	697	152	108	51	29	15	7	0
o/w: Government obligation under IMF SDR allocation	434	463	498	487	485	493	483	488
Short term	0	5	5	5	5	0	0	0
Private debt[2]	12,525	11,534	11,533	11,508	11,270	10,998	10,892	10,789
(in % of GDP) [4]	*36.5*	*34.5*	*34.9*	*34.8*	*33.9*	*32.8*	*32.1*	*31.8*
Long term	12,328	11,441	11,381	11,346	11,077	10,693	10,547	10,457
o/w: Banks debt	3,219	2,503	2,388	2,279	2,268	2,057	1,912	1,730
o/w: Enterprises debt	9,108	8,935	8,989	9,064	8,805	8,633	8,631	8,723
o/w: Others	1	3	3	3	4	4	4	4
Short term	196	94	153	162	192	305	345	332
o/w: Banks debt	171	57	110	126	151	186	237	222
o/w: Enterprises debt	25	37	43	35	41	119	108	110
Foreign debt, net 3), (in% of GDP)[4]	42.2	47.2	48.6	48.6	47.1	47.4	48.2	48.8

Note: Foreign debt of the Republic of Serbia is calculated according to the "matured debt" principle, which includes amounts of debt from capital and amounts of calculated interest not paid in the moment of agreed maturity.
Source: NBS, QM
1) Foreign debt of the Republic of Serbia's public sector includes the debt of the state (not including the debt of Kosovo and Metohija, for loans concluded before the arrival of KFOR, unregulated debt toward Libya and the clearing debt toward former Czechoslovakia), National Bank of Serbia, local self-governments, funds and agencies formed by the state, and the debt for which state guarantee was issued.
2) Foreign debt of Republic of Serbia's private sector includes the debt of banks, companies and other sectors for which no state guarantee has been issued.
3) Foreign debt of the private sector does not include loans concluded before December 20, 2000 for which no payments are done (995.4 million euro, out of which 433.7 million euro is from domestic banks, and 561.7 million euro is from domestic companies).
4) Total foreign debt reduced by NBS forex reserves.
5) Sum value of GDP of the observed quarter and previous three quarterly values of GDP.