

## P R E F A C E

“The Balance of Payments of the Republic of Armenia for 1997-2000” Statistical Manual includes the data on external transactions of the Republic during that years.

Balance of payments is a statistical report, in which the overall data concerning the foreign economic operations of the Republic of Armenia with the other countries and International Organizations are represented in systematic form for reporting period (quarter, year). The operations of economic nature take place between the residents<sup>1</sup> and non-residents of the RA in the form of goods and services, flows of income, current transfers, as well as operations, concerning the financial needs and liabilities.

Balance of Payments consists of two main accounts: current capital account and finance account. The operations concerning the goods, services, incomes and current transfers are registered in the current account, whereas in the capital and finance accounts the flow of assets and liabilities, as well as capital transfers are registered. According to the methodology, the rest of current account in absolute terms should be equal to the rest of capital and finance account, however, in reality discrepancies are always unavoidable. In international practice this is considered to be called “the Article of errors and gaps”.

<sup>1</sup> The resident of RA can be considered any natural person, household, economic enterprise, legal entity (enterprise) or any other organization acting on the territory of RA, the permanent place of being of which or sphere of economic activity is the Republic of Armenia. (for natural persons the place of residence)

Balance of payments is built by the following principle of Accountancy: each operation is double entered to any credit account and in any other other debit account and the increase of asset account is registered in debit, whereas the decrease – in credit; the increase of passive account is registered in credit, whereas the decrease – in debit. The application of the method of double entry is explained by the fact that as a rule the economic operations are the exchange of economic values.

The dynamics of the balance of payments of the Republic of Armenia shows that the deficit of current account besides in 1999 had the trend of growth, which is more expressive in the third and fourth quarters of 1998; this was explained by the financial crisis of the Russian Federation.

The Manual based on the statistical data of the RA Customs Department, banking and financial systems, as well as data of statistical surveys conducted in organizations and households. Some indicators (insurance payments, costs of RA resident travelers abroad) are received through estimations, which is implemented by the methodology of International Monetary Fund (IMF).

For the first time in the Republic the balance of payments was compiled for 1993. At first it was compiled in brief version, while since 1996 in compliance with generalized articles developed by the International Monetary Fund (IMF) and for 1999 in new enlarged version.

The Balance of Payments and Foreign Trade Division of the National Statistical Service of the Republic of Armenia is

