

Methodological commentary

Bilateral balance of payments is a statistical report that reflects all economic operations carried out between residents of the Russian Federation and residents of the Republic of Belarus in a reporting period*.

In 2012, the Bank of Russia and the National Bank of the Republic of Belarus in accordance with the agreed time frame switched to the new standard for publishing balance of payments data on the basis of the methodology set out in the 6th edition of the IMF's Balance of Payments and International Investment Position Manual (*BPM6*). Conceptually, *BPM6* maintains the overall framework of the methodology of the fifth edition of the *Manual* (*BPM5*). *BPM6* deepens the harmonization of the IMF's external sector statistics' recommendations with the updated *System of National Accounts*, and the international standards in the area of direct investment statistics and other of macroeconomic statistics.

Reconciliation of the balance of payments items is carried out by the Working Group of the Central Bank of the Russian Federation and the National Bank of the Republic of Belarus on the basis of consensus. The Working Group is responsible for the methodology and the presentation of the bilateral balance of payments.

Merchandise trade balance

It includes all goods produced in the territory of one country and moved to the territory of the other country for the purpose of final and/or interim consumption by residents of the importing economy. In other words, transactions with goods related to the change in ownership thereof from residents of the Russian Federation to residents of the Republic of Belarus and vice versa, and also some specific cases that do not involve a change in ownership (financial lease, goods for processing, etc.) are recorded according to the principle: "country of goods origin – country of goods destination".

Balance on trade in services

It reflects services provided by residents of one country to residents of the other country.

Balance on primary and secondary incomes

It describes the flows of incomes and current transfers that occurred between institutional units of both countries.

Transactions with financial instruments

They cover transactions carried out by residents of one country with assets/liabilities of the other country in a reporting period (the "debtor/creditor" principle).

Statistical discrepancy

It reflects the difference between net lending/net borrowing item in the financial account and a similar item in the current and capital accounts in the bilateral balance of payments.

Multilateral settlements

Certain transactions occurring between residents of both countries may result in a change in their assets/liabilities in relation to residents of third countries. For example, the Republic of Belarus may carry out operations for the benefit of residents of the Russian Federation with the transfer of funds to their accounts with a bank in a third country. On the other hand, Russia may finance imports of goods and services from the Republic of Belarus with US dollars in cash. Such transactions are recorded in the bilateral balance of payments as "*Multilateral Settlements*".

*There may also be cases when transactions are registered and included in the bilateral balance of payments on the basis of a transaction carried out by a resident of one of the two countries with a resident of a third country. For example, debt securities issued by a resident of the Russian Federation and owned by a resident of a third country may be sold by the latter to a resident of the Republic of Belarus.

Transactions between residents of the Russian Federation and residents of the Republic of Belarus with assets/liabilities of residents of third countries are not included in the balance of bilateral operations.