

## **CHRONIC IMBALANCES IN THE BALANCE OF PAYMENTS OF BULGARIA: IS THIS FACT OR STATISTIC EFFECT?**

(Abstract)

Imbalances of current account and trade balance are objects of interpretations and discussions during the last several years. Reliability of statistics of foreign trade and balance of payment is discussed together with disproportions in foreign economic relations.

For the national economy of Bulgaria more typical statistic data about imbalances are the balance of current account and the trade balance. According to data about 1998-99 we can establish a stable tendency of negative monthly balances both of current account and trade balance. If we agree that statistic data reflect objectively foreign relations of the country during the last two years we have to accept that there is an enormous, for the scale of our country, deficit. The question is: Is it true that foreign economic relations of our country are permanently asymmetric or statistic valuations are burdened with considerable discrepancy? In accordance with the traditional balance of payments approach in conditions of fixed exchange rates chronic imbalances of current account and trade balance must reflect changes in foreign exchange reserves of the central bank or changes in gross external debt.

But data from the last two years don't confirm this hypothesis. During the last two years gross foreign exchange reserves mark a stable tendency of growth and simultaneously gross external debt doesn't grow considerably. We have serious reasons to believe that this established deficit of current account and trade balance is probably a statistic effect.

The statistics of international transactions are typically burdened with statistic discrepancy. Statistic discrepancies can be divided in stochastic and systematic. The influence of stochastic statistic discrepancy is inconsiderable. Important about valuation of current account and balance of payments are 3 groups of systematic statistic discrepancies:

1. The first group of them has a methodological character. It refers to the change of the moment of render an account of export and import. Till May 1999 import and export were given account at the moment when goods cross the custom border. From the period January- June 1999 the export and import started to be given an account in a parallel manner also at the moment when custom documents are presented. As a result of this changes the final effect is the establishment of considerable trade deficit.

2. The second group of sources of statistic discrepancies has a methodological character too. It is related to the extrapolation used to estimate export and import. The given values differ from the real-ones. This leads to accumulation of statistic discrepancy.

3. The third group of sources of statistic discrepancies is related to the possibility to error intentionally. That sort of error is to give higher or lower values of account of export and import in order to decrease or escape taxes, fees or duties.

There is an indirect possibility to examine the statistic discrepancy – using the lack of correspondence between the sums of debit and credit recordings in the balance of payments. We can conclude that bigger volume of import accumulates bigger lack of correspondence between debit and credit recordings. The negative trade balance is burdened with statistic discrepancy.

The final conclusion is that probably there is overestimation of the real import. It is recommended to interpret very carefully the data about the balance of current account and the trade balance.