Balance of Payments

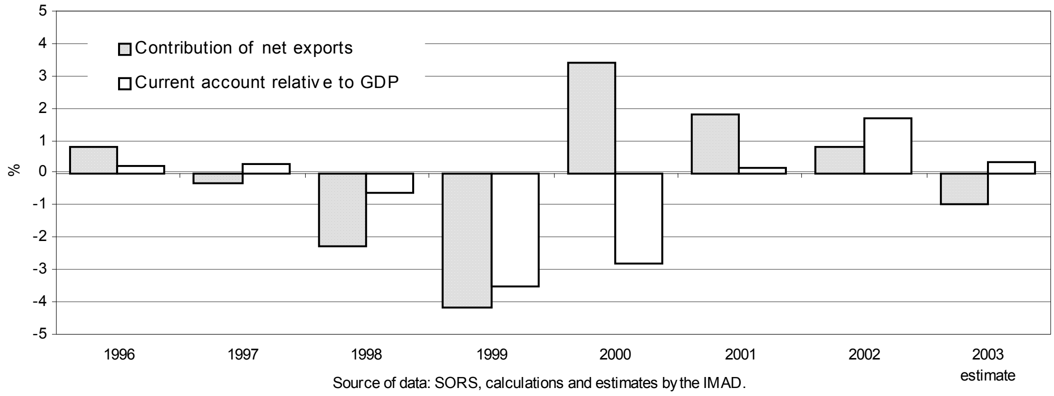
Balance of Payments, Jan–July 2003, EUR million	Inflows	Outflows	Balance[1]	Balance Jan–July 02
Current account	8,621.3	8,674.8	-53.5	202.7
Trade balance (FOB)	6,658.6	9,956.7	-298.1	-103.2
Services	1,384.3	1,073.1	311.2	327.9
Factor services	326.7	428.9	-102.2	-96.8
Unrequited transfers	251.7	216.1	35.6	74.8
Capital and financial account	986.7	-985.6	1.1	-216.1
Capital account	7.0	-2.4	4.6	2.4
Capital transfers	4.9	-1.0	3.9	1.1
Non-produced, non-financial assets	2.1	-1.4	0.7	1.3
Financial account	979.7	-983.2	-3.5	-218.5
Direct investment	13.7	-140.0	-126.3	647.8
Portfolio investment	55.5	-87.8	-32.3	4.1
Other long-term capital investment	910.5	-467.1	443.4	-287.4
Assets	0.0	-435.7	-435.7	-480.2
Liabilities	910.5	-31.4	879.1	192.8
International reserves (BS)	0.0	-288.3	-288.3	-582.8
Statistical error	52.4	0.0	52.4	13.3

Source of data: BS. *Note*: [1]minus sign (-) indicates imports over exports in the current account, increase in assets or decrease in liabilities in the capital and financial accounts, and growth of reserve assets.

Exports of goods, expressed in euros, increased by 2.4% in the first seven months over the same period last year (up 3.4% in the first and 1.6% in the second quarter). These export flow dynamics reflected the less favourable economic conditions in EU members; Germany, for example, recorded slightly negative economic growth in the first half of this year compared to the same period last year (0.1% in the first and -0.2% in the second quarter; also see p. 5). Slovenia's exports of goods to Germany dropped 4.2% year on year in the first seven months in nominal terms. The biggest drop was seen in exports of road vehicles (down 36.2%), footwear (down 29%) and clothing (down 24.6%). Relatively strong export growth was maintained with CEFTA countries (up 9.7%) and Russia (up 6.5%), while export growth to the countries of former Yugoslavia was weak (up 0.8%). **Imports of goods** increased by 5.3% in nominal terms in the first seven months over the same period last year (up 5.4% in the first and 4.8% in the second quarter). Import growth was fuelled by more expensive oil as well as imports of investment goods, up 13.3%, suggesting that domestic investment activity is picking up gradually. Further, investment was the fastest growing component of domestic consumption (see p. 4). The trade deficit increased as a result of the deficit in trade in road vehicles and oil and the sluggish trade in leather and furskins, general industrial machinery, other transport equipment, machinery specialised for particular industries, and clothing. **Services trade flows** were weaker than merchandise trade flows, while exports of the three main components of services (transport, travel and other services) rose more slowly than their imports (up 2.5% and 5%, respectively). The surplus in services trade was lower than in the first seven months of 2002 even though the terms of trade in services improved thanks to higher export prices of transport, catering and accommodation services. The **current account deficit** has narrowed gradually since June and is likely to turn into a surplus in the upcoming months.

Net capital inflows, excluding international monetary reserves, totalled EUR 284.8 million in the first seven months (EUR 364.4 million in the same period last year). The volume of short-term commercial credits shrank as a result of the slowdown in exports of goods. Slovenia was a net exporter of foreign direct investment; inward investment fell, while outward investment rose sharply from EUR 69.8 in the first seven months of 2002 to EUR 140 million this year, mainly to the countries of former Yugoslavia. The government's loan repayment was higher than its borrowing. The long-term external borrowing of domestic enterprises and commercial banks increased because of the tolar's slow depreciation against the euro and low interest rates abroad. At the end of July, the stock of international monetary reserves amounted to EUR 6,917.3 million, while the reserves of commercial banks totalled EUR 1,140 million. **International monetary reserves** were sufficient to cover 5.7 months' worth of imports of goods and services (4.8 months' worth in July 2002).

Graph: **Contribution of net exports to economic growth (percentage points) and the current account balance relative to GDP (%)**



Source of data: SORS, calculations and estimates by the IMAD.