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Statistical capture of JAS-39 Gripen aircrafts lease

Extended lease of the JAS-39 Gripen supersonic fighter aircrafts will be reflected since October in various statistical domains. According to the methodological rules of Eurostat, this transaction is understood the same as in 2005, i.e. as financial leasing. The capture will influence the amount of the state budget deficit and debt and it will be also reflected in imports in terms of CZSO national accounts as well as in the Czech National Bank (CNB) balance of payments.

With effect from 1 October 2015, the lease of the JAS-39 Gripen supersonic fighter aircrafts by the Czech Republic from Sweden was extended, namely until 2027. Based on a concluded contract, the Czech Republic will repay Swedish crowns 5.4 bn, i.e. currently CZK 15.6 bn (VAT and withholding tax excluded). Instalments will take place always in the end of March of the given year.

The way these transactions will be captured in statistics will be similar to that of 2005 (for more detail please [see](https://www.czso.cz/csu/czso/zpusob_statistickeho_zachyceni_pronajmu_stihacek_jas_gripen_25_08_2005) – *Czech only*), taking into account the new ESA 2010 methodological standard. A long-term lease of military equipment is dealt with in terms of national accounts statistics as financial leasing with a corresponding impact on fiscal indicators and the external trade (imports). Based on the national accounts methodology the contractual amount, which is denominated in Swedish crowns, will be broken down to the value of the purchased asset (aircrafts), a part related to services (crews training, repairs, etc.), and interests.

The value of the purchased asset will be captured in the period of acquisition (Q4 2015) as a debt-financed investment expenditure of the general government sector. As for fiscal indicators, the mentioned will be reflected in the figures for 2015 as the deficit increase (or as the surplus decrease) and increase of the debt by the value of the purchased asset (CZK 9.9 bn).

In the following years, instalments from the state budget will be broken down to the part, which is the repayment of the principal of the debt in the amount of CZK 9.9 bn and parts related to payments for services and interests. Since the liability is denominated in a foreign currency, the unpaid part of the principal may change during time depending on the exchange rate development. The interests will affect the amount of the gross national income during the entire contract. With regard to low interest rates, currently the total amount of interests is CZK 0.4 bn.

The value of aircrafts in the amount of CZK 9.9 bn will be captured in imports of goods in the CZSO national accounts in the Q4 2015 and in October balance of payments compiled by the CNB. The CZSO news release on External Trade will contain information about the influence of the import of aircrafts on the external trade balance for October 2015.

Payments for services provided by the Swedish counterpart will be reflected in all years of the contract as an increase of intermediate consumption with a corresponding impact on the amount of final consumption of the general government and GDP. At the same time, these services will be captured in imports of services in the national accounts as well as in the balance of payments. The total amount of payments for services is CZK 5.3 bn.

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