Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA)

Results Announcement

International Investment Position & External Debt – Third Quarter 2016

The Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA) announced the preliminary results of the International Investment Position (IIP), and External Debt statistics for Palestine as of end of third quarter 2016.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of third quarter 2016 revealed that the net IIP amounted to about USD 1,275 million, which means that the Palestinian economy's investment outside Palestine outweighs investment in Palestine from abroad. The Resident cash deposits in foreign banks and foreign exchange in the Palestinian economy accounted for the bulk of the external assets, constituting 63.7% of the total value of external assets.

The total stocks of External Assets for Palestine amounted to USD 6,297 million, The Foreign Direct Investment abroad had contributed to 7.1%, Portfolio Investments abroad reached 18.4%, while Other Foreign Investments abroad (mainly currency and deposits) reached 69.2% and Reserve Assets amounted to 5.3%. At sectoral level, the external investments of banks sector represented a large share of the external assets, standing at 73.6% of the total value of external assets.

The total stocks of Foreign Liabilities in Palestine (Stocks of non-residents invested in Palestine) had amounted to USD 5,022 million, the Foreign Direct Investment in Palestine contributed to 51.2%, Portfolio Investments in Palestine reached 14.9% and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 33.9%. According to sectoral level, the foreign investments in banks sector contributed a major value in the foreign liabilities, represented by 36.5% of the total value of foreign liabilities on Palestinian economy.

The Gross External Debt on different sectors of the Palestinian economy reached USD 1,705 million, The debt on government sector represented 62.0%, while debt on banks sector reached 34.1%, and debt on other sectors (Nonbank financial corporations, non-financial corporations, NGOs and household sector) amounted to 3.7%, the lending between affiliated companies reached to 0.2%.

The International Investment Position (IIP) is an accounting sheet that records the investments stocks for the residents in Palestine (individuals, institutions and government) invested in the rest of the world (abroad) under the name of (assets), and compares them to

the investments stocks owned by residents outside Palestine (individuals, institutions and government) invested in Palestine under the name of (liabilities).

The Balance of Payments Manual - fifth edition, issued by the International Monetary Fund in 1993, divides the assets and liabilities into direct investment (investment by 10% and more in the non-resident capital), and portfolio investment (investment less than 10% in the non-resident capital as well as investment in bonds), and other investments. it divides these other investments into stocks of trade credit, loans, currency and deposits and any other assets or liabilities), in addition to the Reserve Assets, i.e. Stocks held by the Central banks/ Monetary Authorities to address the imbalances in the balance of payments, it is worth mentioning that the reserve assets are only included in the asset side.

The External Debt is an accounting sheet that records the debt stocks on Palestinian economic sectors due to non-residents. These include (loans from non-residents, the non-residents deposits deposited in the banks sector in Palestine, the Palestinian bonds purchased by non-residents, debt transactions between the non-resident enterprises and fellow enterprises in Palestine. They encompass as well any other liabilities on Palestinian economy) the data of external debt have been extracted from the liabilities side in the international investment position matrix (debt items). Preparing, classifying and publishing of the data based on (External Debt Statistics Manual) issued by IMF in 2003, this manual is harmonized with 5th edition of Balance of Payments and International Investment Position Manual

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Table 1: International Investment Position (IIP) stock by Economic Sectors For Palestine, at the end of the Third Quarter 2016

Value in million USD

Economic Sector / Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Nonbank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House-Holds Sector	
International Investment Position (net)*	**776**	**-882**	**2,805**	**-605**	**-819**	**1,275**
Total External Assets	**776**	**176**	**4,637**	**594**	**114**	**6,297**
Foreign Direct Investment Abroad	0	0	0	353	91	444
Portfolio Investments Abroad	160	0	910	89	0	1,159
Other Investments Abroad	281	176	3,727	152	23	4,359
*Of which: currency and deposits***	281	0	3,683	23	23	4,010
Reserve Assets	335	0	0	0	0	335
Total Foreign Liabilities	**0**	**1,058**	**1,832**	**1,199**	**933**	**5,022**
Foreign Direct Investment in Palestine	0	0	898	739	933	2,570
Foreign Portfolio Investments in Palestine	0	0	353	397	0	750
Foreign Other Investments in Palestine	0	1,058	581	63	0	1,702
Of which: Loans from abroad	0	1,058	0	60	0	1,118
*Of which: currency and deposits****	0	0	581	0	0	581

***Notes**:*

- The data in the above table are close to the nearest integer.
- The data does not include the value of land owned by non-residents.

* International investment position (net): equals total external assets minus total foreign liabilities.

** Currency and deposits: Including residents deposits in banks abroad, in addition to foreign currency cash in Palestinian economy.

*** Currency and deposits: Include the deposits of non-residents deposited in local banks.

Table 2: Gross External Debt position on Palestine, at the end of the Third Quarter 2016

Value in million USD

Economic Sector	Stock at the end of the Third Quarter 2016
General Government	**1,058**
Short-term	82
Long-term	976
Monetary Authorities	**0**
Short-term	0
Long-term	0
Banks	**581**
Short-term	369
Long-term	212
Other Sectors	**63**
Short-term	3
Long-term	60
Direct investment: lending between affiliated companies	**3**
Debt liabilities to affiliated enterprises	0
Debt liabilities to direct investors	3
Gross External Debt Position	**1,705**