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

Results Announcement
International Investment Position & External Debt – First Quarter, 2018

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 the first quarter 2018.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of first quarter 2018 revealed that the net IIP amounted to about USD 1,054 million, which means that the Palestinian economy's investments outside Palestine outweighs investments 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 62.2% of the total value of external assets.

The total stocks of External Assets for Palestinian economy amounted to USD 6,211 million, the Foreign Direct Investment Abroad contributed to 6.2%, Portfolio Investments abroad reached 18%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 66.8% and Reserve Assets amounted to 9%, at sectoral level, the external investments of banks sector represented a large share of the external assets, standing at 72% of the total value of external assets for Palestinian economy.

The total stocks of Foreign Liabilities in Palestine (Stocks of non-residents invested in Palestine) amounted to USD 5,157 million, the Foreign Direct Investment in Palestine contributed to 52%, Portfolio Investments in Palestine reached 16.3% and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 31.7%, at sectoral level, the foreign investments in banks sector contributed a major value in the foreign liabilities, represented by 37.3% of the total value of foreign liabilities on Palestinian economy.

The Gross External Debt on the Palestinian economic sectors reached USD 1,640 million, the debt on government sector represented 63.4%, while debt on banks sector reached 32%, and debt on other sectors (Nonbank financial corporations, non-financial corporations, NGOs and households sector) amounted to 4.3%, and the lending between affiliated companies reached 0.3%.

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 deposits of the non-residents 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 are based on (External Debt Statistics Manual) issued by IMF in 2003, this manual is harmonized with the fifth edition of Balance of Payments Manual.

Table 1: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the End of the First Quarter, 2018

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)*	**974**	**-994**	**2,548**	**-557**	**-917**	**1,054**
Total External Assets	**974**	**46**	**4,470**	**655**	**66**	**6,211**
Foreign Direct Investment Abroad	0	0	0	345	43	388
Portfolio Investments Abroad	83	0	886	153	0	1,122
Other Investments Abroad	338	46	3,584	157	23	4,148
*Of which: currency and deposits***	338	0	3,504	0	23	3,865
Reserve Assets	553	0	0	0	0	553
Total Foreign Liabilities	**0**	**1,040**	**1,922**	**1,212**	**983**	**5,157**
Foreign Direct Investment in Palestine	0	0	955	745	983	2,683
Foreign Portfolio Investments in Palestine	0	0	442	397	0	839
Foreign Other Investments in Palestine:	0	1,040	525	70	0	1,635
Of which: loans from abroad	0	1,040	0	43	0	1,083
Of which: currency and deposits***	0	0	525	0	0	525

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 exchange in Palestinian economy.

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

Table 2: Gross External Debt Position on Palestine, at the End of the Fourth Quarter, 2017 and First Quarter, 2018

Value in million USD

Economic Sector	Stock at the end of the Fourth Quarter 2017	Stock at the end of the First Quarter 2018
General Government	**1,042**	**1,040**
Short-term	77	81
Long-term	965	959
Monetary Authorities	**0**	**0**
Short-term	0	0
Long-term	0	0
Banks	**603**	**525**
Short-term	368	297
Long-term	235	228
Other Sectors	**70**	**70**
Short-term	3	3
Long-term	67	67
Direct Investment: lending between affiliated companies	**5**	**5**
Debt liabilities to affiliated enterprises	0	0
Debt liabilities to direct investors	5	5
Gross External Debt Position	**1,720**	**1,640**