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

Results Announcement

International Investment Position & External Debt – Third 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 third quarter 2018.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of third quarter 2018 revealed that the net IIP amounted to about USD 1,433 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 61.8% of the total value of external assets.

The total stocks of External Assets for Palestinian economy amounted to USD 6,489 million, the Foreign Direct Investment Abroad contributed to 5.3%, Portfolio Investments abroad reached 21.5%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 65.7% and Reserve Assets amounted to 7.5%, at sectoral level, the external investments of banks sector represented a large share of the external assets, standing at 71.6% 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 5,056 million, the Foreign Direct Investment in Palestine contributed to 53.9%, Portfolio Investments in Palestine reached 15.3% and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to .308%, at sectoral level, the foreign investments in banks sector contributed a major value in the foreign liabilities, represented by .372% of the total value of foreign liabilities on Palestinian economy.

The Gross External Debt on the Palestinian economic sectors reached USD 1,604 million, the debt on government sector represented .647%, while debt on banks sector reached 30.0%, and debt on other sectors (nonbank financial corporations, non-financial corporations, NGOs and households sector) amounted to 2.6%, and the lending between affiliated companies reached 2.7%.

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.

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		Issued on : 24/12/2018

Table 1: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the end of the Third 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)*	**849**	**-1,037**	**2,768**	**-189**	**-958**	**1,433**
Total External Assets	**849**	**0**	**4,647**	**958**	**35**	**6,489**
Foreign Direct Investment Abroad	0	0	0	335	11	346
Portfolio Investments Abroad	77	0	896	422	0	1,395
Other Investments Abroad	287	0	3,751	201	24	4,263
*Of which: currency and deposits***	287	0	3,663	37	24	4,011
Reserve Assets	485	0	0	0	0	485
Total Foreign Liabilities	**0**	**1,037**	**1,879**	**1,147**	**993**	**5,056**
Foreign Direct Investment in Palestine	0	0	1,009	721	993	2,723
Foreign Portfolio Investments in Palestine	0	0	389	384	0	773
Foreign Other Investments in Palestine:	0	1,037	481	42	0	1,560
Of which: loans from abroad	0	1,037	0	31	0	1,068
*Of which: currency and deposits****	0	0	481	0	0	481

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: Include the 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 Second Quarter, 2018 and Third Quarter, 2018

Value in million USD

Economic Sector	Stock at the end of the Second Quarter 2018	Stock at the end of the Third Quarter 2018
General Government	**1,027**	**1,037**
Short-term	86	92
Long-term	941	945
Monetary Authorities	**0**	**0**
Short-term	0	0
Long-term	0	0
Banks	**466**	**481**
Short-term	217	204
Long-term	249	277
Other Sectors	**42**	**42**
Short-term	4	4
Long-term	38	38
Direct Investment: lending between affiliated companies	**44**	**44**
Debt liabilities to affiliated enterprises	41	41
Debt liabilities to direct investors	3	3
Gross External Debt Position	**1,579**	**1,604**