



The Palestinian Central Bureau of Statistics (PCBS) and Palestinian Monetary Authority (PMA) announce a press release about the preliminary results of the Palestinian Balance of Payments - 2006.

867.9 Million US\$ The Deficit in Current Account

The Palestinian Monetary Authority (PMA) and Palestinian Central Bureau of Statistics (PCBS) announce a press release about the preliminary results of the Palestinian Balance of Payments in 2006.

The Balance of Payments (BOP) is an account measuring transactions between residents and non-residents in a given period, it is considered as the peak of efforts in preparing systematic economic statistics, which are necessary to observe the economic performance in general and to derive the essential data, which are necessary to compile the Rest of the World Account as a part of Palestinian National Accounts. It consists of two main accounts, the Current Account and the Capital and Financial Account.

The main findings of the preliminary results are:

Current Account:

The Deficit in the Current Account amounted to 867.9 Million US\$, (20.8.% of the GDP, and with decrease by 5.7% comparing with the deficit in 2005) because of the surplus in Current Transfers which amounted to 1,283.9 Million US, while the deficit in Trade Balance of goods amounted to 2,313.1 Million US (55.3%. of the GDP).

The amount to Services Balance in 2006 decrease by 11.5% compared with the year 2005, this deficit amounted to 264.0 Million US\$.

The surplus in the Income Balance in 2006 increase by 19.5% compared with the year 2005. This surplus amounted to 425.3 Million US\$ and caused mainly by the increase in the value of Compensations of Employees in Israel which amounted to 262.4 Million US\$ and the increase in Investments Income which amounted to 113.8 Million US\$, the Compensations and the Investments Income increase by 18.8% and 29.7% compared with the year 2005.

According to Balance of Current Transfers, the value of surplus amounted to 1,283.9 Million US\$, in 2006. The Donors Current Transfers contribute by 78.7% of total receipts from abroad.

Capital and Financial Account:

The surplus in the Capital and Financial Account amounted to 913.6 Million US\$, this surplus caused mainly by the surplus in Capital Account which amounted to 272.4 Million US\$ and the surplus in Financial Account including, (Direct Investments, Portfolio Investments, Other Investments, and Reserve Assets), which amounted to 641.3 Million US\$ in 2006.

The surplus in the financial account caused mainly by the surplus in Other Investments which amounted to 792.5 Million US\$ in 2006, the Currency and Deposits contribute by 98.9% of this surplus. While the deficit in the Balance of Direct investments amounted to 120.6 Million US\$, and the deficit in the Balance of Portfolio Investments amounted to 8.4 Million US\$, in 2006.

The changes on flows of Reserve Assets (increase) amounted to 22.3 Million US\$, in 2006, which reflect the over all Balance surplus in Palestine case, because of the absence of other financing recourses.

The preliminary results for the Palestinian Balance of Payments 2006 reflects reluctance on the performance of the Palestinian economy compared with the year 2005, The deficit in the Trade Balance and Balance of Services increase by 6.6% and 10.3%, while the surplus in Capital Account and Financial Account which had decreased by 29.8% and 1.9% compared with the year 2005, in addition to the surplus in the Income Account and Current Transfers had increased by 19.5% and 13.4% compared with the year 2005.

It is important to note that we adopt Remaining West Bank¹ and Gaza Strip results

¹ **Remaining West Bank** : The West Bank except for those parts of Jerusalem, which were annexed after 1967 occupation by Israel.