



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 - 2002.

459.0 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 2002.

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 459.0 Million US\$, (13.2% of the GDP) because of the deficit in trade balance of goods which amounted to 1,144.3 Million US\$, (32.8% of the GDP).

The amount to services balance in 2002 goes down by 6.1% compared with the year 2001, this deficit amounted to 604.3 Million US\$.

The surplus in the income balance in 2002 goes down by 31.3% compared with the year 2001. This surplus amounted to 224.3 Million US\$, this deficit caused mainly by the decrease in the value of compensations of employees in Israel which amounted to 106.1 Million US\$, the compensations goes down by 40.8% compared with the year 2001.

According to Balance of Current Transfers, the value of surplus amounted to 1,065.4 Million US\$, in 2002. The donors current transfers contribute by 38.9% of total receipts from abroad.

Capital and Financial Account:

The surplus in the Capital and Financial Account amounted to 306.5 Million US\$, this surplus caused mainly by the surplus in capital account which amounted to 151.0 Million US\$ and the surplus in financial account including, (Direct Investments, Portfolio Investments, Other Investments, and Reserve Assets), which amounted to 155.5 Million US\$ in 2002.

The surplus in the financial account caused mainly by the surplus in Other Investments which amounted to 688.0 Million US\$, in 2002. While the deficit in the Balance of Direct

investments amounted to 336.0 Million US\$, and the deficit in the Balance of Portfolio Investments amounted to 80.2 Million US\$, in 2002.

The changes on flows of Reserve Assets (increase) amounted to 116.3 Million US\$, in 2002. 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 2002 reflects reluctance on the performance of the Palestinian economy compared with the year 2001, The deficit in the Trade Balance goes up by 12.2%. The surplus in the Capital Account had declined by 31.3% compared with 2001, also the surplus in the Financial Account had declined by 70.7% compared with the year 2001.

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.