

**The Palestinian Central Bureau of Statistics (PCBS) and
Palestinian Monetary Authority (PMA) announce a press release
on the preliminary results of the Palestinian Balance of Payments
- 2007.**

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 for the year 2007: US\$ 347.9 million was the deficit in the Current Account.

The Balance of Payments (BOP) is an account measuring transactions between residents and non-residents in a given period. It is considered to be the peak of efforts in preparing systematic economic statistics that are necessary for observing economic performance in general and for deriving essential data used in compiling the Rest of the World Account as a part of the Palestinian National Accounts. It consists of two main accounts, the Current Account and the Capital and Financial Account. It is important to note that we adopt Remaining West Bank (The West Bank except for those parts of Jerusalem which were annexed after 1967 occupation by Israel) and Gaza Strip results.

Main findings of the preliminary results are:

Current Account:

The deficit value of the Current Account amounted to US\$ 347.9 million for year 2007 (7.9% of the GDP). This deficit decreased by 57.2% compared with year 2006 and was caused by the deficit in the trade balance of goods which was announced as US\$ 2,600.4 million (61.9% of the GDP), This deficit increased by 16.4% compared with year 2006.

The deficit in Services Balance for the year 2007 increased by 42.6% compared with year 2006. This deficit amounted to US\$ 406.2 million. The increase in this deficit was caused by the increase of the deficit in personal and cultural services and travel services, in addition to the decrease of the surplus in other business services.

The surplus in Income Balance (compensations of employees and investments income) in the year 2007 increased by 31.6% compared with year 2006. This surplus amounted to US\$ 558.6 million. This surplus was caused mainly by the surplus in investments income which amounted to US\$ 167.1 million. Meanwhile compensations of employees in Israel was announced as US\$ 326.2 million, an increase of 24.8% in year 2007 when compared with year 2006, in spite of the decrease in the compensations of Gaza Strip employees.

According to the Net Current Transfers, the surplus value amounted to US\$ 2,100.2 million in 2007 increased by 63.7% compared with year 2006. The donors' current transfers contribute 47.9% of total receipts value from abroad. This increase of the surplus in Net Current Transfers was due to Other Sector Transfers which increased by 460.7% compared with the year 2006.

Capital and Financial Account:

The surplus value of Capital and Financial Account amounted to US\$ 204.5 million. This surplus was caused mainly by the surplus in Capital Account, announced as US\$ 395.0 million. Meanwhile, the Financial Account (Direct Investments, Portfolio Investments, Other Investments, and Reserve Assets) had a deficit for the first time since 1995, which amounted to US\$ 190.5 million in 2007. The Financial Account deficit caused mainly by the deficit of the Foreign Direct Investments Balance amounted to US\$ 17.1 million, and the deficit of the Foreign Portfolio Investments Balance amounted to US\$ 126.5 million in 2007. In addition, the decrease of the surplus in Foreign Other Investments amounted to US\$ 44.5 million in 2007, a decrease of 94.2% compared with year 2006.

The changes on Reserve Assets flows (increase) amounted to US\$ 91.3 million in 2007, which are reflected in the Overall Balance surplus in the Palestine case because of the absence of other financing resources.