



Palestinian Central Bureau of Statistics and Palestine Monetary Authority continue the work on data collection of the International Investment Position in light of COVID-19 (CORONA VIRUS) pandemic.

The Net Stock of the International Investment Position (IIP) Decreased by 16% at the End of the First Quarter 2020

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 2020.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of the first quarter 2020 revealed that the net IIP amounted to USD 1,763 million, decreased by 16% compared with previous quarter, which means that the Palestinian economy's investments outside Palestine outweighs investments in Palestine from abroad.

The total stocks of External Assets for Palestinian economy amounted to USD 7,253 million, the Foreign Direct Investment Abroad contributed to 4%, Portfolio Investments abroad reached 19%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 67% and Reserve Assets amounted to 10%. At sectoral level, the external investments of banks sector represented a large share of the external assets, standing at 66% 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 5,490 million, the Foreign Direct Investment in Palestine contributed to 50%, Portfolio Investments in Palestine reached 13%, and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 37%. At sectoral level, the foreign investments in banks sector contributed a major value in the foreign liabilities, represented by 36% of the total value of foreign liabilities on Palestinian economy.

Stock of external government debt amounted to about USD 1.3 billion at the end of the first quarter 2020

The Gross External Debt on the Palestinian economic sectors reached USD 2,051 million increased by 4% compared with previous quarter, the debt on government sector represented 62%, while debt on banks sector reached 35%, and debt on other sectors (nonbank financial corporations, non-financial corporations, NGOs and households sector) amounted to 2%, and the lending between affiliated companies reached less than 1%.

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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Table 1: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the end of the First Quarter, 2020

Value in million USD

Economic Sector	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Nonbank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House-Holds Sector	
Investments Stocks by Type of Investment						
International Investment Position (net)*	1,192	-925	2,772	-292	-984	1,763
Total External Assets	1,192	365	4,771	887	38	7,253
Foreign Direct Investment Abroad	0	0	0	301	10	311
Portfolio Investments Abroad	87	0	909	381	0	1,377
Other Investments Abroad	366	365	3,862	205	28	4,826
<i>Of which: currency and deposits**</i>	366	0	3,789	34	28	4,217
Reserve Assets	739	0	0	0	0	739
Total Foreign Liabilities	0	1,290	1,999	1,179	1,022	5,490
Foreign Direct Investment in Palestine	0	0	970	746	1,022	2,738
Foreign Portfolio Investments in Palestine	0	0	310	397	0	707
Foreign Other Investments in Palestine:	0	1,290	719	36	0	2,045
<i>Of which: loans from abroad</i>	0	1,290	0	14	0	1,304
<i>Of which: currency and deposits***</i>	0	0	719	0	0	719

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 Fourth Quarters, 2019 and First Quarters, 2020

Value in million USD

Economic Sector	Stock at the end of the Fourth Quarter 2019	Stock at the end of the First Quarter 2020
General Government	1,218	1,290
Short-term	156	152
Long-term	1062	1,138
Monetary Authorities	0	0
Short-term	0	0
Long-term	0	0
Banks	706	719
Short-term	306	321
Long-term	400	398
Other Sectors	36	36
Short-term	22	22
Long-term	14	14
Direct Investment: lending between affiliated companies	6	6
Debt liabilities to affiliated companies	0	0
Debt liabilities to direct investors	6	6
Gross External Debt Position	1,966	2,051