

Results Announcement

International Investment Position & External Debt Second Quarter 2016

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 second quarter 2016.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of second quarter 2016 revealed that the net IIP amounted to about USD 1,172 million, which means that the Palestinian economy's investment outside Palestine outweighs investment 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 65.2% of their total value.

The total stocks of External Assets for Palestine amounted to USD 6,020 million, The Foreign Direct Investment abroad had contributed to 7.0%, Portfolio Investments abroad reached 18.6%, while Other Foreign Investments abroad (mainly currency and deposits) reached 67.7% and Reserve Assets amounted to 6.7%. At sector level, the external investments of banking represented a large share of the external assets, standing at 74.4% of the total value of external assets.

The total stocks of Foreign Liabilities in Palestine (Stocks of non-residents invested in Palestine) had amounted to USD 4,848 million, the Foreign Direct Investment in Palestine contributed to 51.7%, Portfolio Investments in Palestine reached 13.4% and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 34.9%. According to sectoral level, the foreign investments in banking sector contributed a major value in the foreign liabilities, represented by 34.6% of the total value of foreign liabilities.

The Gross External Debt on different sectors of the Palestinian economy reached USD 1,693 million, The debt on government sector represented 63.5%, while debt on banks sector reached 32.8%, and debt on other sectors (financial, non-financial enterprises, NGOs and household sectors) amounted to 3.7%.

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 Monetary Authority 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 non-residents deposits 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 based on (External Debt Statistics Manual) issued by IMF in 2003, this manual is harmonized with 5th edition of Balance of Payments and International Investment Position Manual

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**Table 1: International Investment Position (IIP) stock by Economic Sectors For
Palestine, at the end of the Second Quarter 2016**

Value in million USD

Economic Sector Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Non-Financial Companies, Insurance Companies and NGOs Sector	House- Holds Sector	
International Investment Position (net)*	834	-1,074	2,803	-577	-814	1,172
Total External Assets	834	0	4,479	593	114	6,020
Foreign Direct Investment Abroad	0	0	0	331	91	422
Portfolio Investments Abroad	180	0	830	110	0	1,120
Other Investments Abroad	252	0	3,649	152	23	4,076
<i>Of which: currency and deposits**</i>	252	0	3,628	23	23	3,926
Reserve Assets	402	0	0	0	0	402
Total Foreign Liabilities	0	1,074	1,676	1,170	928	4,848
Foreign Direct Investment in Palestine	0	0	875	701	928	2,504
Foreign Portfolio Investments in Palestine	0	0	245	406	0	651
Foreign Other Investments in Palestine	0	1,074	556	63	0	1,693
<i>Of which: Loans from abroad</i>	0	1,074	0	60	0	1,134
<i>Of which: currency and deposits***</i>	0	0	556	0	0	556

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: Including residents deposits in banks abroad, in addition to foreign currency cash in Palestinian economy.

*** Currency and deposits: Include the deposits of non-residents deposited in local banks.

Table 2: Gross External Debt position on Palestine, at the end of the Second Quarter 2016

Value in million USD

Economic Sector	Stock at the end of the Second Quarter 2016
General Government	1,074
Short-term	79
Long-term	995
Monetary Authorities	0
Short-term	0
Long-term	0
Banks	556
Short-term	272
Long-term	284
Other Sectors	63
Short-term	3
Long-term	60
Direct investment: lending between affiliated companies	0
Debt liabilities to affiliated enterprises	0
Debt liabilities to direct investors	0
Gross External Debt Position	1,693