



The Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA)

The Net Stock of the International Investment Position (IIP) amounted to USD 3,338 million at the End of the Second Quarter of 2021

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 second quarter 2021 and end of year 2020¹.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of the second quarter 2021 revealed that the net IIP amounted to USD 3,338 million, increased by 15% compared with previous quarter, which means that the Palestinian economy's investments outside Palestine outweighs investments in Palestine from abroad.

65% of the total external assets of the Palestinian economy are currency and deposits, due to the absence of a Palestinian national currency

The total stocks of External Assets for Palestinian economy amounted to USD 8,958 million, the Foreign Direct Investment Abroad contributed to 4%, Portfolio Investments abroad reached 17%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 70% and Reserve Assets amounted to 9%. At sectoral level, the external investments of the banking sector represented a large share of the external assets (balances abroad, vault cash and portfolio investment) standing at 70% of the total value of external assets for Palestinian economy.

51% of the total foreign liabilities on the Palestinian economy are foreign direct investment

The total stocks of Foreign Liabilities in Palestine (stocks of non-residents invested in Palestine) amounted to USD 5,620 million, the Foreign Direct Investment in Palestine contributed to 51%, Portfolio Investments in Palestine reached 13%, and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 36%. At sectoral level, the foreign investments in banks sector contributed a major value in the foreign liabilities, represented by 35% of the total value of foreign liabilities on Palestinian economy.

An increase of Stock of external government debt by 0.3%, to reach about USD 1.3 billion at the end of the second quarter 2021

The Gross External Debt on the Palestinian economic sectors reached USD 2,052 million increased by 1% compared with previous quarter. Debt on government sector represented 64%, while debt on the banking sector (deposits of non-residents in banks operating in Palestine) reached 33%, and debt on other sectors (non-bank financial corporations, non-financial corporations, NGOs and households sector) amounted to 2%, and the lending between affiliated companies reached 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

¹ The data related to the end of year 2020 are attached in the tables



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, deposits of non-residents deposited in the banks operating 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.

Table 1: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the end of the Second Quarter, 2021

Value in million USD

Economic Sector Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Non-bank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House - Holds Sector	
International Investment Position (net)*	1,251	938-	4,284	257-	1,00 2-	3,338
Total External Assets	1,251	380	6,262	1,024	41	8,958
Foreign Direct Investment Abroad	0	0	0	315	8	323
Portfolio Investments Abroad	88	0	828	594	0	1,510
Other Investments Abroad	379	380	5,434	115	33	6,341
<i>Of which: currency and deposits**</i>	379	0	5,395	2	33	5,809
Reserve Assets	784	0	0	0	0	784
Total Foreign Liabilities	0	1,318	1,978	1,281	1,04 3	5,620
Foreign Direct Investment in Palestine	0	0	1,017	781	1,04 3	2,841
Foreign Portfolio Investments in Palestine	0	0	287	457	0	744
Foreign Other Investments in Palestine:	0	1,318	674	43	0	2,035
<i>Of which: loans from abroad</i>	0	1,318	0	43	0	1,361
<i>Of which: currency and deposits***</i>	0	0	674	0	0	674

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 First Quarter, 2021 and Second Quarter, 2021

Value in million USD

Economic Sector	Stock at the end of the First Quarter 2021	Stock at the end of the Second Quarter 2021
General Government	1,314	1,318
Short-term	125	145
Long-term	1,189	1173
Monetary Authorities	0	0
Short-term	0	0
Long-term	0	0
Banks	670	674
Short-term	325	376
Long-term	345	298
Other Sectors	37	43
Short-term	22	0
Long-term	15	43
Direct Investment: lending between affiliated companies	6	17
Debt liabilities to affiliated companies	0	0
Debt liabilities to direct investors	6	17
Gross External Debt Position	2,027	2,052

Table 3: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the end of 2020

Value in million USD

Economic Sector Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Govern- ment Sector	Banks Sector	Other Sectors		TOTAL
				Nonbank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House- Holds Sector	
International Investment Position (net)*	1,121	1,235-	4,044	143-	988-	2,799
Total External Assets	1,121	90	5,984	983	45	8,223
Foreign Direct Investment Abroad	0	0	0	304	9	313
Portfolio Investments Abroad	29	0	870	564	0	1,463
Other Investments Abroad	395	90	5,114	115	36	5,750
<i>Of which: currency and deposits**</i>	395	0	5,066	2	36	5,499
Reserve Assets	697	0	0	0	0	697
Total Foreign Liabilities	0	1,325	1,940	1,126	1,033	5,424
Foreign Direct Investment in Palestine	0	0	975	696	1,033	2,704
Foreign Portfolio Investments in Palestine	0	0	281	387	0	668
Foreign Other Investments in Palestine:	0	1,325	684	43	0	2,052
<i>Of which: loans from abroad</i>	0	1,325	0	43	0	1,368
<i>Of which: currency and deposits***</i>	0	0	684	0	0	684

- 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: This item include the residents' deposits in banks abroad, in addition to foreign exchange in Palestinian economy.
 - *** Currency and deposits: This item include the deposits of non-residents deposited in resident banks.

**Table 4: Gross External Debt Position on Palestine, at the end of years
2019, 2020**

Value in million USD

Economic Sector	Stock at the end of 2019	Stock at the end of 2020
General Government	1,218	1,325
Short-term	156	120
Long-term	1,062	1205
Monetary Authorities	0	0
Short-term	0	0
Long-term	0	0
Banks	706	684
Short-term	306	327
Long-term	400	357
Other Sectors	37	43
Short-term	22	0
Long-term	15	43
Direct Investment: lending between affiliated companies	6	17
Debt liabilities to affiliated enterprises	0	0
Debt liabilities to direct investors	6	17
Gross External Debt Position	1,967	2,069