



Press release of the International Investment Position (IIP), and External Debt statistics for Palestine at the end of the second and third quarters of 2020

The Net Stock of the International Investment Position (IIP) amounted to USD 2,432 million at the End of the Third Quarter of 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 third quarter of 2020.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of the third quarter 2020 revealed that the net IIP amounted to USD 2,432 million, 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 7,827 million, the Foreign Direct Investment Abroad contributed to 3%, Portfolio Investments abroad reached 17%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 72% and Reserve Assets amounted to 8%. At sectoral level, the external investments of banks sector represented a large share of the external assets, standing at 64% 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 5,395 million, the Foreign Direct Investment in Palestine contributed to 51%, Portfolio Investments in Palestine reached 12%, 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 37% 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 third quarter 2020

The Gross External Debt on the Palestinian economic sectors reached USD 2,015 million increased by 1% compared with previous quarter, the debt on government sector represented 64%, while debt on banks sector reached 33%, 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 Third Quarter of 2020

Value in million USD

Economic Sector Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Nonbank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House- Holds Sector	
International Investment Position (net)**	1,023	-394	3,036	-242	-991	2,432
Total External Assets	1,023	909	5,041	817	37	7,827
Foreign Direct Investment Abroad	0	0	0	245	8	253
Portfolio Investments Abroad	88	0	843	374	0	1,305
Other Investments Abroad	310	909	4,198	198	29	5,644
<i>Of which: currency and deposits***</i>	310	0	4,145	35	29	4,519
Reserve Assets	625	0	0	0	0	625
Total Foreign Liabilities	0	1,303	2,005	1,059	1,028	5,395
Foreign Direct Investment in Palestine	0	0	1,062	670	1,028	2,760
Foreign Portfolio Investments in Palestine	0	0	274	352	0	626
Foreign Other Investments in Palestine:	0	1,303	669	37	0	2,009
<i>Of which: loans from abroad</i>	0	1,303	0	15	0	1,318
<i>Of which: currency and deposits****</i>	0	0	669	0	0	669

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.

* The data excludes those part of Jerusalem which were annexed by Israeli occupation in 1967.

** 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: International Investment Position (IIP) Stock by Economic Sectors for Palestine* at the end of the Second Quarter of 2020

Value in million USD

Economic Sector Investments Stocks by Type of Investment	Monetary Authorities (PMA)	Government Sector	Banks Sector	Other Sectors		TOTAL
				Nonbank Financial Corporations, Non-Financial Corporations, and NGOs Sector	House- Holds Sector	
International Investment Position (net)**	1,082	-851	2,898	-270	-988	1,871
Total External Assets	1,082	443	4,875	834	36	7,270
Foreign Direct Investment Abroad	0	0	0	250	8	258
Portfolio Investments Abroad	88	0	895	386	0	1,369
Other Investments Abroad	296	443	3,980	198	28	4,945
<i>Of which: currency and deposits***</i>	296	0	3,918	35	28	4,277
Reserve Assets	698	0	0	0	0	698
Total Foreign Liabilities	0	1,294	1,977	1,104	1,024	5,399
Foreign Direct Investment in Palestine	0	0	1,030	691	1,024	2,745
Foreign Portfolio Investments in Palestine	0	0	283	376	0	659
Foreign Other Investments in Palestine:	0	1,294	664	37	0	1,995
<i>Of which: loans from abroad</i>	0	1,294	0	15	0	1,309
<i>Of which: currency and deposits****</i>	0	0	664	0	0	664

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.

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**** 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 Second Quarter, 2020 and Third Quarter of 2020

Value in million USD

Economic Sector	Stock at the end of the Second Quarter of 2020	Stock at the end of the Third Quarter of 2020
General Government	1,294	1,303
Short-term	157	163
Long-term	1,137	1,140
Monetary Authorities	0	0
Short-term	0	0
Long-term	0	0
Banks	664	669
Short-term	362	363
Long-term	302	306
Other Sectors	37	37
Short-term	22	22
Long-term	15	15
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	2,001	2,015