

**The Palestinian Central Bureau of Statistics (PCBS) and Palestine Monetary Authority (PMA) announce, the preliminary results of International Investment Position (IIP) for Palestine at the end of the first quarter 2014.**

**Stocks of Palestinian assets invested abroad are about USD 6,318 million, of which 62.5% currency and deposits,**

**While stocks of foreign liabilities on the Palestinian economy are about USD 4,977 million**

The Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA) have prepared a press release for the International Investment Position (IIP), and External Debt statistics for Palestine at the end of first quarter 2014.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of first quarter 2014 revealed that the net IIP amounted to about USD 1,341 million, which means that the Palestinian economy of its various sectors had invested outside Palestine by more than the investment amount in Palestine from abroad. The cash deposits of local banks in foreign banks and foreign exchange in Palestinian economy contributed a major value in the external assets, which represented by 58.2% of their total value.

The total stocks of External Assets for Palestine (Stocks of residents in Palestine invested abroad) amounted to USD 6,318 million, The Foreign Direct Investment abroad had contributed to 5.5%, Portfolio Investments abroad reached 21.2%, while Other Foreign Investments abroad reached 64.0%, and Reserve Assets amounted to 9.3%. According to sectoral level, the external investments of banking sector contributed a major value in the external assets, represented by 71.7% 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 4,977 million, The Foreign Direct Investment in Palestine contributed 50.3%, Portfolio Investments in Palestine reached 15.6%, and Other Investments in Palestine amounted to 34.1%. According to sectoral level, the foreign investments in banking sector contributed a major value in the foreign liabilities, represented by 33.4% of the total value of foreign liabilities.

The International Investment Position (IIP) is defined as an accounting sheet records the investments stocks for the residents in Palestine (individuals, institutions and government) that was invested in the rest of the world (abroad) under the name of (assets), on the one hand, and the investments stocks owned by residents outside Palestine (individuals, institutions and governments) that was invested in Palestine under the name of (liabilities) on the other hand.

the Balance of Payments Manual - fifth edition, issued by the International Monetary Fund in 1993, divides the assets and liabilities to 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 (which are divided into stocks of trade credit, loans, currency and deposits and any other assets or liabilities), in addition to the Reserve Assets, which is defined as 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 defined as an accounting sheet records the debt stocks on Palestinian economy sectors due to nonresidents, which include (loans from non-resident, 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, in addition to 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 5<sup>th</sup> edition of Balance of Payments and International Investment Position Manual.

The Gross External Debt position on the Palestinian economy sectors had amounted to USD 1,718 million, The debt on general government sector had contributed 64.4%, while debt on banks sector reached 32.1%, and debt on other sectors (non-financial, insurance enterprises NGOs and household sectors) amounted to 2.5%, the lending between affiliated companies contributed to 1.0%.

**Table 1: International Investment Position (IIP) stock by Economic Sectors For Palestine, at the end of the First Quarter 2014**

Value in million USD

| Economic Sector<br><br>Investments Stocks by<br>Type of Investment | Monetary<br>Authorities<br>(PMA) | Government<br>Sector | Banks<br>Sector | Other Sectors  |                           | TOTAL        |
|--|----------------------------------|----------------------|-----------------|--|---------------------------|--------------|
|  |                                  |                      |                 | Non-<br>Financial<br>companies,<br>Insurance<br>companies<br>and NGO's<br>Sector | House-<br>Holds<br>Sector |              |
| <b>International Investment Position (net)*</b>                    | <b>985</b>                       | <b>-1,104</b>        | <b>2,866</b>    | <b>-591</b>  | <b>-815</b>               | <b>1,341</b> |
| <b>Total External Assets</b>                                       | <b>985</b>                       | <b>1</b>             | <b>4,527</b>    | <b>699</b>   | <b>106</b>                | <b>6,318</b> |
| Foreign Direct Investment Abroad                                   | 0                                | 0                    | 0               | 247  | 99                        | 346          |
| Portfolio Investments Abroad                                       | 141                              | 0                    | 817             | 380  | 2                         | 1,340        |
| Other Investments Abroad   | 255                              | 1                    | 3,710           | 72   | 5                         | 4,043        |
| <i>Of which: currency and deposits**</i>                           | 255                              | 0                    | 3,675           | 16   | 5                         | 3,951        |
| Reserve Assets   | 589                              | 0                    | 0               | 0  | 0                         | 589          |
| <b>Total Foreign Liabilities</b>                                   | <b>0</b>                         | <b>1,105</b>         | <b>1,661</b>    | <b>1,290</b>   | <b>921</b>                | <b>4,977</b> |
| Foreign Direct Investment in Palestine                             | 0                                | 0                    | 829             | 751  | 921                       | 2,501        |
| Foreign Portfolio Investments in Palestine                         | 0                                | 0                    | 280             | 496  | 0                         | 776          |
| Foreign Other Investments in Palestine                             | 0                                | 1,105                | 552             | 43   | 0                         | 1,700        |
| <i>Of which: Loans from abroad</i>                                 | 0                                | 1,105                | 0               | 43   | 0                         | 1,148        |
| <i>Of which: currency and deposits***</i>                          | 0                                | 0                    | 552             | 0  | 0                         | 552          |

**Notes:**

- The data in the above table are closed 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 First Quarter 2014**

Value in million USD

| <b>Economic Sector</b>   | <b>Stock at the end of the First Quarter 2014</b> |
|--|---|
| <b>General Government</b>                                      | <b>1,105</b>                                      |
| Short-term   | 78  |
| Long-term  | 1,027   |
| <b>Monetary Authorities</b>                                    | <b>0</b>  |
| Short-term   | 0   |
| Long-term  | 0   |
| <b>Banks</b>   | <b>552</b>  |
| Short-term   | 552   |
| Long-term  | 0   |
| <b>Other Sectors</b>   | <b>43</b>   |
| Short-term   | 7   |
| Long-term  | 36  |
| <b>Direct investment: lending between affiliated companies</b> | <b>18</b>   |
| Debt liabilities to affiliated enterprises                     | 0   |
| Debt liabilities to direct investors                           | 18  |
| <b>Gross External Debt Position</b>                            | <b>1,718</b>                                      |

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