



## **The Net Stock of the International Investment Position (IIP) amounted to USD 2,859 million at the End of the Fourth 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 fourth quarter 2020.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of the fourth quarter 2020 revealed that the net IIP amounted to USD 2,859 million, increased by 18% compared with previous quarter, which means that the Palestinian economy's investments outside Palestine outweighs investments in Palestine from abroad.

### **67% 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 8,289 million, the Foreign Direct Investment Abroad contributed to 3%, Portfolio Investments abroad reached 15%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 74% 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 72% of the total value of external assets for Palestinian economy.

### **50% 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 5,430 million, the Foreign Direct Investment in Palestine contributed to 50%, Portfolio Investments in Palestine reached 12%, and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 38%. 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.

### **An increase of Stock of external government debt by 2%, to reach about USD 1.3 billion at the end of the fourth quarter 2020**

The Gross External Debt on the Palestinian economic sectors reached USD 2,052 million increased by 2% compared with previous quarter, the debt on government sector represented 64%, while debt on banks sector 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 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 fourth Quarter, 2020**

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	
<b>International Investment Position (net)*</b>	<b>1,121</b>	<b>-1,001</b>	<b>4,044</b>	<b>-311</b>	<b>-994</b>	<b>2,859</b>
<b>Total External Assets</b>	<b>1,121</b>	<b>324</b>	<b>5,984</b>	<b>820</b>	<b>40</b>	<b>8,289</b>
Foreign Direct Investment Abroad	0	0	0	246	8	254
Portfolio Investments Abroad	29	0	870	377	0	1,276
Other Investments Abroad	395	324	5,114	197	32	6,062
<i>Of which: currency and deposits**</i>	395	0	5,066	34	32	5,527
Reserve Assets	697	0	0	0	0	697
<b>Total Foreign Liabilities</b>	<b>0</b>	<b>1,325</b>	<b>1,940</b>	<b>1,131</b>	<b>1,034</b>	<b>5,430</b>
Foreign Direct Investment in Palestine	0	0	975	707	1,034	2,716
Foreign Portfolio Investments in Palestine	0	0	281	387	0	668
Foreign Other Investments in Palestine:	0	1,325	684	37	0	2,046
<i>Of which: loans from abroad</i>	0	1,325	0	15	0	1,340
<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: 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 Third Quarter, 2020 and Fourth Quarter, 2020**

Value in million USD

<b>Economic Sector</b>	<b>Stock at the end of the Third Quarter 2020</b>	<b>Stock at the end of the Fourth Quarter 2020</b>
<b>General Government</b>	<b>1,303</b>	<b>1,325</b>
Short-term	163	120
Long-term	1,140	1,205
<b>Monetary Authorities</b>	<b>0</b>	<b>0</b>
Short-term	0	0
Long-term	0	0
<b>Banks</b>	<b>669</b>	<b>684</b>
Short-term	363	327
Long-term	306	357
<b>Other Sectors</b>	<b>37</b>	<b>37</b>
Short-term	22	22
Long-term	15	15
<b>Direct Investment: lending between affiliated companies</b>	<b>6</b>	<b>6</b>
Debt liabilities to affiliated companies	0	0
Debt liabilities to direct investors	6	6
<b>Gross External Debt Position</b>	<b>2,015</b>	<b>2,052</b>