



The Palestinian Central Bureau of Statistics (PCBS) and Palestinian Monetary Authority (PMA) announce a press release about the preliminary results of the Palestinian Balance of Payments - 2004.

1,281.8 Million US\$ The Deficit in Current Account

The Palestinian Monetary Authority (PMA) and Palestinian Central Bureau of Statistics (PCBS) announce a press release about the preliminary results of the Palestinian Balance of Payments in 2004.

The Balance of Payments (BOP), which determines the economic transactions between residents and nonresidents in a certain period of time, considered as the peak of efforts in preparing systematic economic statistics. It provides an organized detailed statistics about economic transactions occurred between national economy and the rest of the world economies, which are necessary to observe the economic performance in general, and to derive the essential data which are necessary to compile the Rest of the World Account as a part of Palestinian National Accounts.

The main findings of the preliminary results are:

Current Account:

The Deficit in the current account amounted to 1,281.8 Million USD, (27.5% of the GDP) because of decreasing in the surplus of current transfers which equal to 756.1 Million USD (the donors contribute by 61.9% of total receipts from abroad which decreased by 19.7% compared with the last year), meanwhile the deficit in trade balance of goods reached to 1,964.5 Million USD (42.5% of the GDP).

The deficit in services balance in 2004 reached to 302.7 Million USD, it decreased by 11.3% compared with the last year.

The surplus in the income balance (compensation of employees and investment income) in 2004 amounted to 229.4 Million USD, it decreased by 9.4% compared with the last year. This surplus caused mainly by the decrease in the value of investment income which equal to 26.0 Million USD, it decreased by 47.8% compared with the last year year.

Capital and Financial Account:

The surplus in Capital and Financial Account increased to 1,319.5 Million US\$, this surplus caused mainly by the surplus in Capital Account by 660.2 Million USD and the surplus in financial account including, (Foreign Direct Investments, Portfolio Investments, Other Investments, and Reserve Assets), by 659.3 Million USD in 2004.

The surplus in Foreign Direct Investments (FDI) amounted to 60.4 Million USD, and Portfolio Investments amounted a surplus with 21.7 Million USD, meanwhile the surplus in

the Financial Account caused mainly by the surplus in Other Investments which increased to 604.6 Million USD, in 2004.

The changes on flows of Reserve Assets (increase) equal to 27.4 Million USD, in 2004, which reflect the over all Balance surplus in Palestine case, because of the absence of other financing recourses.

The preliminary results for the Palestinian Balance of Payments 2004 reflects relatively refreshment on the performance of the Palestinian economy compared with the year 2003, Especially in case of increasing in percentages for capital transfers and foreign investments. In spite of the deficit in trade balance which increased by 20.7% comparing with the last year, Exports of goods increased by 6.6%.

It is important to note that we adopt Remaining West Bank¹ and Gaza Strip results

¹ **Remaining West Bank** : The West Bank except for those parts of Jerusalem, which were annexed after 1967 occupation by Israel.