



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 3,607 million at the End of the Third 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 third quarter 2021.

The primary results of the IIP (external assets – foreign liabilities) for Palestine at the end of the third quarter 2021 revealed that the net IIP amounted to USD 3,607 million, increased by 8% 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

The total stocks of External Assets for Palestinian economy amounted to USD 9,436 million, the Foreign Direct Investment Abroad contributed to 4%, Portfolio Investments abroad reached 16%, while Other Foreign Investments Abroad (mainly currency and deposits) reached 72% and Reserve Assets amounted to 8%. 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 71% 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 5,829 million, the Foreign Direct Investment in Palestine contributed to 50%, Portfolio Investments in Palestine reached 14%, 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 36% of the total value of foreign liabilities on Palestinian economy.

An increase of Stock of external government debt by 0.4%, to reach about USD 1.3 billion at the end of the Third quarter 2021

The Gross External Debt on the Palestinian economic sectors reached USD 2,131 million increased by 4% compared with previous quarter. Debt on government sector represented 62%, while debt on the banking sector (deposits of non-residents in banks operating in Palestine) reached 35%, 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 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 (where applicable), 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, 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)* | 1,284 | 989- | 4,661 | 342- | 1,007- | 3,607 |
| Total External Assets | 1,284 | 334 | 6,731 | 1,045 | 42 | 9,436 |
| Foreign Direct Investment Abroad | 0 | 0 | 0 | 321 | 8 | 329 |
| Portfolio Investments Abroad | 78 | 0 | 833 | 609 | 0 | 1,520 |
| Other Investments Abroad | 412 | 334 | 5,898 | 115 | 34 | 6,793 |
| <i>Of which: currency and deposits**</i> | 412 | 0 | 5,863 | 2 | 34 | 6,311 |
| Reserve Assets | 794 | 0 | 0 | 0 | 0 | 794 |
| Total Foreign Liabilities | 0 | 1,323 | 2,070 | 1,387 | 1,049 | 5,829 |
| Foreign Direct Investment in Palestine | 0 | 0 | 1,000 | 837 | 1,049 | 2,886 |
| Foreign Portfolio Investments in Palestine | 0 | 0 | 322 | 507 | 0 | 829 |
| Foreign Other Investments in Palestine: | 0 | 1,323 | 748 | 43 | 0 | 2,114 |
| <i>Of which: loans from abroad</i> | 0 | 1,323 | 0 | 43 | 0 | 1,366 |
| <i>Of which: currency and deposits***</i> | 0 | 0 | 748 | 0 | 0 | 748 |

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 Second Quarter, 2021 and Third Quarter, 2021

Value in million USD

| Economic Sector | Stock at the end of the Second Quarter 2021 | Stock at the end of the Second Quarter 2021 |
|--|---|---|
| General Government | 1,318 | 1,323 |
| Short-term | 145 | 168 |
| Long-term | 1,173 | 1,155 |
| Monetary Authorities | 0 | 0 |
| Short-term | 0 | 0 |
| Long-term | 0 | 0 |
| Banks | 674 | 748 |
| Short-term | 376 | 394 |
| Long-term | 298 | 354 |
| Other Sectors | 43 | 43 |
| Short-term | 0 | 0 |
| Long-term | 43 | 43 |
| Direct Investment: lending between affiliated companies | 17 | 17 |
| Debt liabilities to affiliated companies | 0 | 0 |
| Debt liabilities to direct investors | 17 | 17 |
| Gross External Debt Position | 2,052 | 2,131 |