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 3,327million at the End of the First Quarter of 2023

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 the end of the first quarter 2023.

The total stocks of External Assets for the Palestinian economy amounted to USD 9,741 million, the Foreign Direct Investment Abroad contributed to 3%, and Portfolio Investments abroad reached 17%, while Other Foreign Investments Abroad reached 68% and Reserve Assets amounted to 12%.

53% of the total foreign liabilities on the Palestinian economy at the end of the first quarter of 2023 are a foreign direct investment

The total stocks of Foreign Liabilities in Palestine (Balances of non-residents invested in Palestine) amounted to USD 6,414 million, where Foreign Direct Investment in Palestine contributed to 53%, Portfolio Investments in Palestine reached 14%, and Other Investments in Palestine (mainly loans and deposits from abroad) amounted to 33%. At the sectoral level, foreign investments in the banking sector contributed a major value in the foreign liabilities, represented by 37% of the total value of foreign liabilities in the Palestinian economy.

**Stability of stock of external debt on general government sector at about USD 1.3 billion at the end of the first quarter 2023**

The Gross External Debt Stock on the Palestinian economic sectors reached USD 2,171 million decreased by 1% compared with the previous quarter, the decline was concentrated in the banking sector by about 2%, while the government’s external debt remained stable at about USD 1.3 billion at the end of the first quarter of 2023. The Stock of external debt has been distributed between debt on the general government sector represented 60%, while debt on the banking sector (deposits of non-residents in banks operating in Palestine) reached 33%, debt on other sectors (non-banking financial institutions, non-financial corporations, NGOs, and household sector) amounted to 5%, and the lending between affiliated companies reached 2%.

The International Investment Position (IIP) is a statistical record of 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), compared with 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). Portfolio investment (investment less than 10% in the non-resident capital as well as investment in bonds), and other investments (includes 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 on the asset side.

The External Debt is a statistical recordofthe 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, and debt transactions between the non-resident enterprises and fellow enterprises in Palestine. They encompass as well any other liabilities in the Palestinian economy) the data of external debt have been extracted from the liabilities side in the international investment position matrix (debt items). Compiling and disseminating the data based on (The External Debt Statistics Manual) issued by IMF in 2003, which is harmonized with the fifth edition of the Balance of Payments Manual.

Table 1: International Investment Position (IIP) Stock by Economic Sectors for Palestine, at the end of the First Quarter, 2023

 Value in million USD

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| TOTAL | Other Sectors | Banks Sector | General Government Sector | Monetary Authorities (PMA) |  Economic SectorInvestments Stocks byType of Investment |
| House- Holds Sector | Non-bank Financial Corporations, Non-Financial Corporations, and NGOs Sector |
|  3,327  | -1,023 | -785 |  4,247  | -624 |  1,512  | International Investment Position (net)\* |
|  9,741  |  60  |  849  |  6,644  |  676  |  1,512  | Total External Assets  |
|  318  |  25  |  293  | 0  | 0  | 0  |  Foreign Direct Investment Abroad |
|  1,660  | 0  |  499  |  1,008  | 0  |  153  |  Portfolio Investments Abroad |
|  6,585  |  35  |  57  |  5,636  |  676  |  181  |  Other Investments Abroad |
|  5,822  |  35  |  2  |  5,604  | 0  |  181  |  Of which: currency and deposits\*\* |
|  1,178  | 0  | 0  | 0  | 0  |  1,178  |  Reserve Assets |
|  6,414  |  1,083  |  1,634  |  2,397  |  1,300  | 0  | Total Foreign Liabilities  |
|  3,387  |  1,083  |  934  |  1,370  | 0  | 0  |  Foreign Direct Investment in Palestine |
|  897  | 0  |  596  |  301  | 0  | 0  |  Foreign Portfolio Investments in Palestine |
|  2,130  | 0  |  104  |  726  |  1,300  | 0  |  Foreign Other Investments in Palestine: |
|  1,501  | 0  |  104  | 97  |  1,300  | 0  |  Of which: loans from abroad |
|  629  | 0  | 0  |  629  | 0  | 0  |  Of which: currency and deposits\*\*\* |

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 Stock on Palestine, at the End of the

Fourth Quarter, 2022 and First Quarter, 2023

 Value in million USD

|  |  |  |
| --- | --- | --- |
| Stock at the end of the First Quarter 2023 | Stock at the end of the Fourth Quarter 2022 | Economic Sector |
| 1,300 | 1,302 | General Government |
| 243 | 221 |  Short-term |
| 1057 | 1081 |  Long-term |
| 0 | 0 | Monetary Authorities |
| 0 | 0 |  Short-term |
| 0 | 0 |  Long-term |
| 726 | 744 | Banks |
| 208 | 413 |  Short-term |
| 518 | 331 |  Long-term |
| 104 | 104 | Other Sectors |
| 0 | 0 |  Short-term |
| 104 | 104 |  Long-term |
| 41 | 41 | Direct Investment: lending between affiliated companies |
| 0 | 0 |  Debt liabilities to affiliated companies |
| 41 | 41 |  Debt liabilities to direct investors |
| 2,171 | 2,191 | Gross External Debt Position |