

EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt of the Republic of Moldova amounted to US\$ 2773.72 million as of June 30, 2007, increasing by 4.1% (table 1).

Short-term liabilities constituted US\$ 1023.72 million that is 36.9% of the total, increasing over the second quarter 2007 by 3.1% (chart 1).

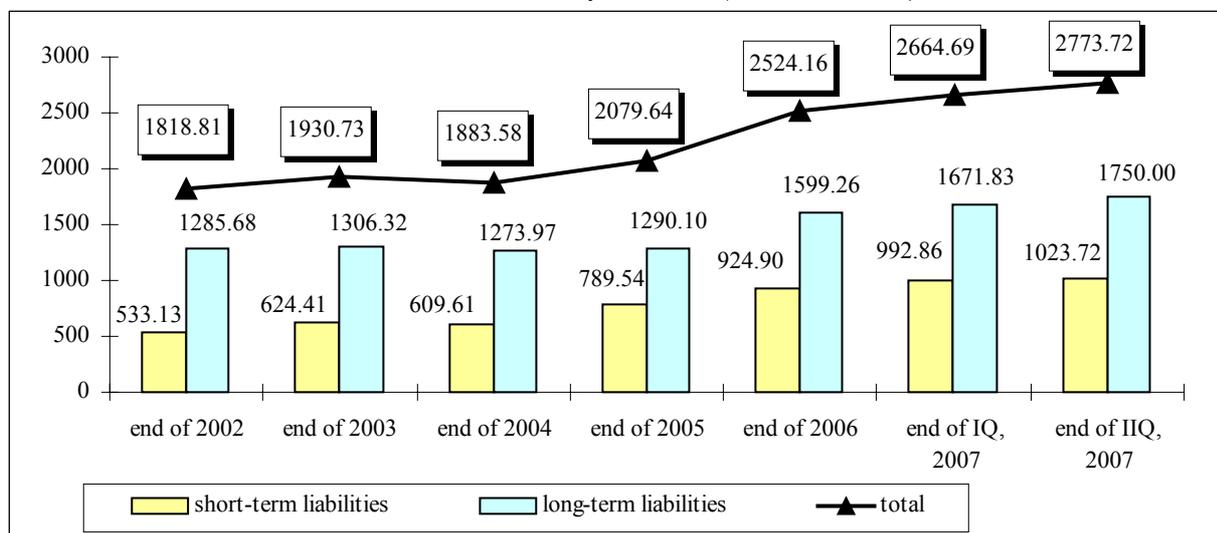
Table 1. *Gross External Debt by Sector (US\$ million)*

	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006	end of IQ, 2007	end of IIQ, 2007
General Government	775.66	809.29	699.78	657.96	718.62	726.20	736.20
<i>Short-term</i>	<i>32.70</i>	<i>70.43</i>	<i>20.86</i>	<i>36.30</i>	<i>0.13</i>	<i>0.13</i>	
Other debt liabilities*	32.70	70.43	20.86	36.30	0.13	0.13	
Arrears	32.70	70.43	20.86	36.30	0.13	0.13	
<i>Long-term</i>	<i>742.96</i>	<i>738.86</i>	<i>678.92</i>	<i>621.66</i>	<i>718.49</i>	<i>726.07</i>	<i>736.20</i>
Bonds and notes	119.18	94.31	31.76	25.40	19.05	19.52	15.86
Loans	623.78	644.55	647.16	596.26	699.44	706.55	720.34
Monetary authorities	151.41	142.05	125.94	95.44	140.96	132.31	131.01
<i>Long-term</i>	<i>151.41</i>	<i>142.05</i>	<i>125.94</i>	<i>95.44</i>	<i>140.96</i>	<i>132.31</i>	<i>131.01</i>
Loans	151.41	142.05	125.94	95.44	140.96	132.31	131.01
Banks	43.17	57.59	74.37	86.71	150.54	202.62	230.51
<i>Short-term</i>	<i>19.67</i>	<i>33.17</i>	<i>41.55</i>	<i>50.95</i>	<i>106.78</i>	<i>136.93</i>	<i>139.69</i>
Loans		8.60	2.00				
Currency and deposits	19.67	24.57	39.55	50.95	106.78	125.18	139.69
Other debt liabilities*						11.75	
<i>Long-term</i>	<i>23.50</i>	<i>24.42</i>	<i>32.82</i>	<i>35.76</i>	<i>43.76</i>	<i>65.69</i>	<i>90.82</i>
Loans	23.50	24.42	32.82	35.76	43.76	65.69	90.82
Other Sectors	658.22	707.81	774.60	954.56	1133.98	1195.10	1237.35
<i>Short-term</i>	<i>456.02</i>	<i>492.84</i>	<i>523.77</i>	<i>685.65</i>	<i>793.38</i>	<i>830.68</i>	<i>855.82</i>
Loans	0.14	0.84	0.13	1.34	8.47	9.32	7.12
Trade credits	109.43	137.67	175.02	338.64	387.42	404.91	435.64
Other debt liabilities*	346.45	354.33	348.62	345.67	397.49	416.45	413.06
Arrears	30.58	42.33	52.96	53.24	73.72	78.86	86.92
Other	315.87	312.00	295.66	292.43	323.77	337.59	326.14
of which debt for energy resources	301.39	300.02	287.06	288.58	319.74	333.57	322.14
<i>Long-term</i>	<i>202.20</i>	<i>214.97</i>	<i>250.83</i>	<i>268.91</i>	<i>340.60</i>	<i>364.42</i>	<i>381.53</i>
Loans	202.20	214.97	250.83	268.91	340.60	364.42	381.53
Direct Investment: Intercompany lending	190.35	213.99	208.89	284.97	380.06	408.46	438.65
Debt liabilities to direct investors	190.35	213.99	208.89	284.97	380.06	408.46	438.65
Arrears*	24.74	27.97	23.43	16.64	24.61	25.12	28.21
Other	165.61	186.02	185.46	268.33	355.45	383.34	410.44
TOTAL	1818.81	1930.73	1883.58	2079.64	2524.16	2664.69	2773.72

*corresponds to other liabilities in the international investment position

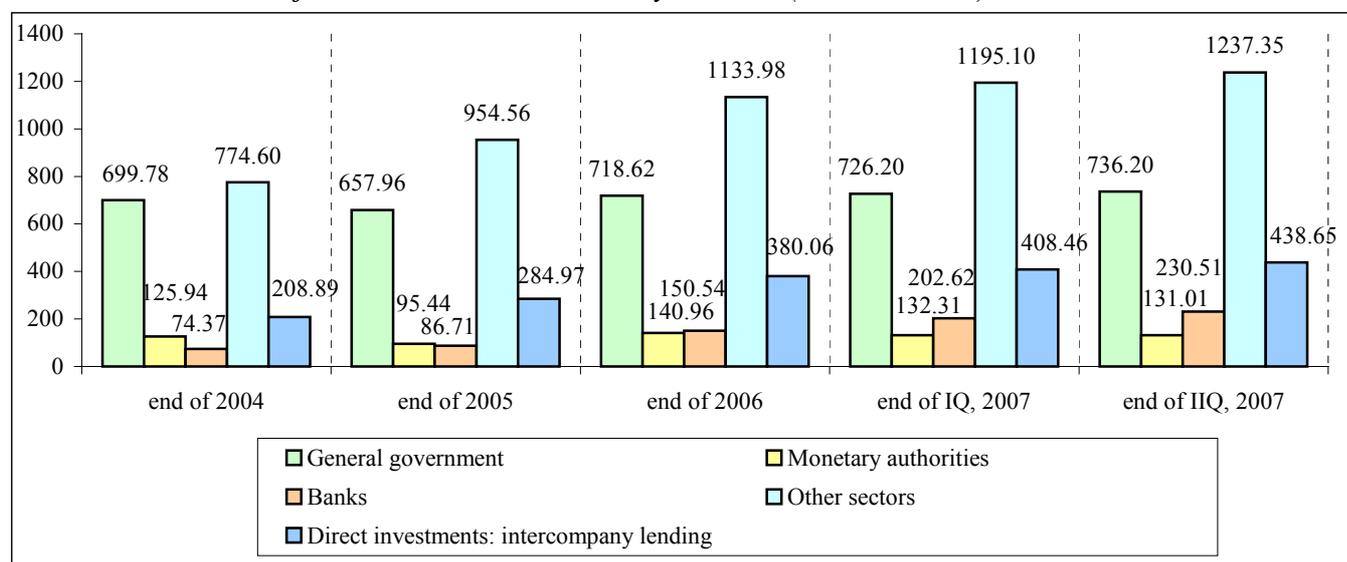
Note: data for the first quarter 2007 were revised

Chart 1. *Gross External Debt – Maturity Terms (US\$ million)*



The structure of the gross external debt by sector shows that general government and economic agents of other sectors keep the major share in foreign liabilities (26.5% and 44.6% respectively) (chart 2).

Chart 2. *Structure of Gross External Debt by Sector (US\$ million)*



At the end of the second quarter of 2007 the public and publicly guaranteed external debt amounted to US\$ 881.81 million. The non-guaranteed private sector external debt totaled US\$ 1891.91 million (table 2).

Table 2. *External Public and Publicly Guaranteed Debt and Non-guaranteed Private Debt (US\$ million)*

	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006	end of IQ, 2007	end of IIQ, 2007
Public and Publicly Guaranteed Debt	987.72	1009.26	880.11	774.09	876.73	873.89	881.81
<i>Short-term</i>	36.81	77.35	30.48	36.30	0.13	0.13	
Other debt liabilities*	36.81	77.35	30.48	36.30	0.13	0.13	
Arrears (on principal and interest)	36.81	77.35	30.48	36.30	0.13	0.13	
<i>Long-term</i>	943.61	924.09	841.53	737.79	876.60	873.76	881.81
Bonds and notes	119.18	94.31	31.76	25.40	19.05	19.52	15.86
Loans	824.43	829.78	809.77	712.39	857.55	854.24	865.95
<i>Direct Investment: Intercompany lending</i>	7.30	7.82	8.10				
Debt liabilities to direct investors	7.30	7.82	8.10				
Arrears*			8.10				
Other	7.30	7.82					
Non-guaranteed Private Debt	831.09	921.47	1003.47	1305.55	1647.43	1790.80	1891.91
<i>Short-term</i>	471.58	519.09	555.70	736.61	900.16	967.62	995.51
Loans	0.14	9.44	2.13	1.34	8.47	9.32	7.12
Currency and deposits	19.67	24.57	39.55	50.95	106.78	125.18	139.69
Trade credits	109.43	137.67	175.02	338.64	387.42	404.91	435.64
Other debt liabilities *	342.34	347.41	339.00	345.68	397.49	428.21	413.06
Arrears (on principal and interest)	26.47	35.41	43.34	53.25	73.72	78.86	86.92
Other	315.87	312.00	295.66	292.43	323.77	349.35	326.14
<i>Long-term</i>	176.46	196.21	246.98	283.97	367.21	414.72	457.75
Loans	176.46	196.21	246.98	283.97	367.21	414.72	457.75
<i>Direct investment: Intercompany lending</i>	183.05	206.17	200.79	284.97	380.06	408.46	438.65
Debt liabilities to direct investors	183.05	206.17	200.79	284.97	380.06	408.46	438.65
Arrears*	24.74	27.97	15.33	16.64	24.61	25.12	28.21
Other	158.31	178.20	185.46	268.33	355.45	383.34	410.44
Total	1818.81	1930.73	1883.58	2079.64	2524.16	2664.69	2773.72

* corresponds to other liabilities in the international investment position

Within the structure of the gross external debt by type of liability the largest share was held by loans (48.0% of total external debt) (chart 3).

Chart 3. *Structure of External Debt by Type of Liability (end of QII 2007)*

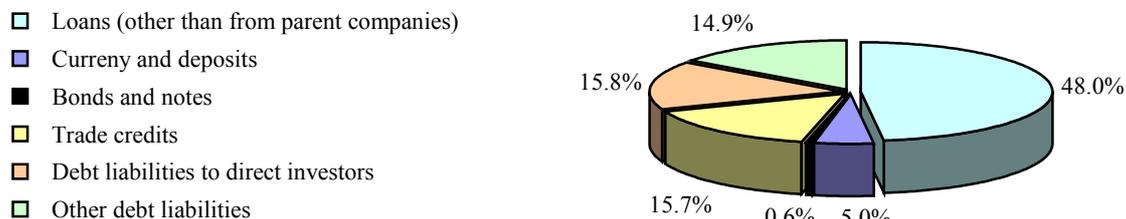


Table 3. *External Debt in the Form of Loans and Debt Securities by Sector (US\$ million)*

	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006	end of IQ, 2007	end of IIQ, 2007
Monetary authorities	151.41	142.05	125.94	95.44	140.96	132.31	131.01
Loans (from the IMF)	151.41	142.05	125.94	95.44	140.96	132.31	131.01
Direct governmental debt	747.07	780.81	671.58	634.26	698.80	706.86	717.61
Loans	596.51	617.98	621.64	575.73	679.75	687.34	701.75
Arrears on loans	0.39	14.63	18.18	33.13			
Debt securities	119.18	94.31	31.76	25.40	19.05	19.52	15.86
Arrears on debt securities	30.99	53.89					
Private debt guaranteed by the government *	89.24	86.40	82.59	44.39	36.98	34.73	33.19
Banks	3.17	0.80					
Loans	3.17	0.80					
Other sectors	86.07	85.60	82.59	44.39	36.98	34.73	33.19
Loans	80.64	76.77	62.19	41.22	36.84	34.59	33.19
Arrears on loans	5.43	8.83	20.40	3.17	0.14	0.14	
Private debt non-guaranteed by the government	386.12	447.23	493.24	623.53	829.45	911.36	990.45
Banks	20.33	32.22	34.82	35.76	43.76	65.69	90.82
Loans	20.33	32.22	34.82	35.76	43.76	65.69	90.82
Other sectors	365.79	415.01	458.42	587.77	785.69	845.67	899.63
Loans	314.58	351.63	399.75	517.88	687.36	741.69	784.50
Arrears on loans	51.21	63.38	58.67	69.89	98.33	103.98	115.13
Total	1373.84	1456.49	1373.35	1397.62	1706.19	1785.26	1872.26

* loans under the guarantee of the government serviced by economic agents and by the government

The external liabilities in the form of loans and debt securities, including arrears on their service, increased during the reported period by 4.9% up to US\$ 1872.26 million, as a result of net inflow of US\$ 83.21 million. The growth was also influenced by accumulation of net arrears on interest (US\$ 1.80 million), exchange rate changes of the US dollar against the other currencies (US\$ 1.36 million) and other adjustments (table 4).

Table 4. *External Debt* in the Form of Loans and Debt Securities (additional details)*
(US\$ million)

	Stock at the end of IQ, 2007	Drawings **	Principal repayments	Accumulation of interest arrears (net)	Other adjustments	Exchange rate changes	Stock at the end of IQ, 2007
IMF loans	132.31		-1.40			0.10	131.01
Direct governmental debt	706.86	22.67	-11.85		1.42	-1.49	717.61
<i>multilateral creditors</i>	415.54	22.35	-2.35			-0.75	434.79
<i>bilateral creditors</i>	271.80	0.32	-6.33		1.91	-0.74	266.96
<i>long-term governmental bonds</i>	19.52		-3.17		-0.49		15.86
Private debt guaranteed by the government	34.73		-0.89	-0.04	-0.79	0.18	33.19
<i>multilateral creditors</i>	15.52		-0.89	-0.04		0.01	14.60
<i>other creditors</i>	19.21				-0.79	0.17	18.59
Private debt non-guaranteed by the government	911.36	124.07	-49.39	1.84		2.57	990.45
<i>multilateral creditors</i>	92.79	0.52	-1.97	0.15		-4.03	87.46
<i>other creditors</i>	818.57	123.55	-47.42	1.69		6.60	902.99
Total	1785.26	146.74	-63.53	1.80	0.63	1.36	1872.26

* including arrears on principal and on interest

** excluding rescheduled and reclassified amounts

The international financial institutions remained the main creditors of Moldova, holding 35.7% of total external debt in the form of loans and debt securities (table 5).

Table 5. *External Debt* in the Form of Loans and Debt Securities by Creditor*
(US\$ million)

	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006	end of IQ, 2007	end of IIQ, 2007
Monetary authorities	151.41	142.05	125.94	95.44	140.96	132.31	131.01
IMF	151.41	142.05	125.94	95.44	140.96	132.31	131.01
Direct governmental debt	747.07	780.82	671.59	634.27	698.81	706.86	717.61
<i>Multilateral creditors</i>	377.22	405.01	413.27	387.79	412.66	415.54	434.79
IBRD and IDA	330.87	364.74	385.76	370.60	393.39	395.80	411.58
EBRD	8.29	7.32	6.35	5.37	4.39	3.90	3.90
EU	35.41	27.50	13.61	3.55			
IFAD	2.65	5.45	7.55	8.27	12.25	13.17	16.62
CEB					2.63	2.67	2.69
<i>Bilateral creditors</i>	207.33	217.37	226.56	221.08	267.10	271.80	266.96
USA	57.10	58.10	58.10	58.10	56.99	56.99	56.15
Japan	23.86	25.96	27.31	24.06	22.26	22.51	21.08
Russia	91.68	95.02	98.30	98.30	137.30	140.79	136.69
other	34.69	38.29	42.85	40.62	50.55	51.51	53.04
<i>Other creditors</i>	12.35	10.24					
<i>Debt securities</i>	150.17	148.20	31.76	25.40	19.05	19.52	15.86
Private debt guaranteed by the government**	89.24	86.40	82.58	44.39	36.97	34.73	33.19
<i>Multilateral creditors</i>	67.64	60.86	54.69	20.88	17.29	15.52	14.60
EBRD	67.64	60.86	54.69	20.88	17.29	15.52	14.60
<i>Other creditors</i>	21.60	25.54	27.89	23.51	19.68	19.21	18.59
Private debt non-guaranteed by the government	386.12	447.22	493.24	623.52	829.45	911.36	990.45
<i>Multilateral creditors</i>	79.34	78.25	91.17	82.03	78.72	92.79	87.46
<i>Other creditors</i>	306.78	368.97	402.07	541.49	750.73	818.57	902.99
TOTAL	1373.84	1456.49	1373.35	1397.62	1706.19	1785.26	1872.26

* including arrears on principal and interest

** loans under the guarantee of the government serviced by the economic agents and by the government