

## EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt of the Republic of Moldova totalled US\$ 2524.16 million at the end of 2006 (table 1), of which short-term liabilities constituted 36.6% (chart 1)

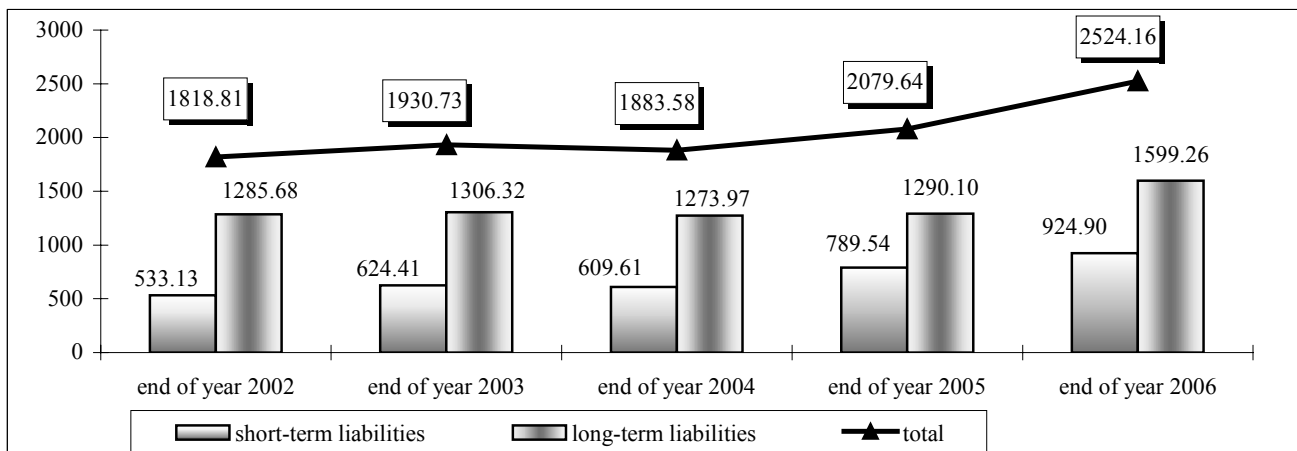
Table 1. *Gross External Debt by Sector (US\$ million)*

	end of 2000	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006
<b>General Government</b>	<b>816.09</b>	<b>751.30</b>	<b>775.66</b>	<b>809.29</b>	<b>699.78</b>	<b>657.96</b>	<b>718.62</b>
<b>Short-term</b>	<b>5.26</b>	<b>9.81</b>	<b>32.70</b>	<b>70.43</b>	<b>20.86</b>	<b>36.30</b>	<b>0.13</b>
Other debt liabilities*	5.26	9.81	32.70	70.43	20.86	36.30	0.13
Arrears	5.26	9.81	32.70	70.43	20.86	36.30	0.13
<b>Long-term</b>	<b>810.83</b>	<b>741.49</b>	<b>742.96</b>	<b>738.86</b>	<b>678.92</b>	<b>621.66</b>	<b>718.49</b>
Bonds and notes	189.47	147.40	119.18	94.31	31.76	25.40	19.05
Loans	621.36	594.09	623.78	644.55	647.16	596.26	699.44
<b>Monetary authorities</b>	<b>154.14</b>	<b>146.15</b>	<b>151.41</b>	<b>142.05</b>	<b>125.94</b>	<b>95.44</b>	<b>140.96</b>
<b>Long-term</b>	<b>154.14</b>	<b>146.15</b>	<b>151.41</b>	<b>142.05</b>	<b>125.94</b>	<b>95.44</b>	<b>140.96</b>
Loans	154.14	146.15	151.41	142.05	125.94	95.44	140.96
<b>Banks</b>	<b>34.83</b>	<b>32.28</b>	<b>43.17</b>	<b>57.59</b>	<b>74.37</b>	<b>86.71</b>	<b>150.54</b>
<b>Short-term</b>	<b>19.41</b>	<b>18.04</b>	<b>19.67</b>	<b>33.17</b>	<b>41.55</b>	<b>50.95</b>	<b>106.78</b>
Loans	0.30	2.10	0.00	8.60	2.00	0.00	0.00
Currency and deposits	19.11	15.94	19.67	24.57	39.55	50.95	106.78
<b>Long-term</b>	<b>15.42</b>	<b>14.24</b>	<b>23.50</b>	<b>24.42</b>	<b>32.82</b>	<b>35.76</b>	<b>43.76</b>
Loans	15.42	14.24	23.50	24.42	32.82	35.76	43.76
<b>Other Sectors</b>	<b>638.15</b>	<b>625.89</b>	<b>658.22</b>	<b>707.81</b>	<b>774.60</b>	<b>954.56</b>	<b>1133.98</b>
<b>Short-term</b>	<b>462.32</b>	<b>424.30</b>	<b>456.02</b>	<b>492.84</b>	<b>523.77</b>	<b>685.65</b>	<b>793.38</b>
Loans	3.60	0.18	0.14	0.84	0.13	1.34	8.47
Trade credits	108.09	97.95	109.43	137.67	175.02	338.64	387.42
Other debt liabilities*	350.63	326.17	346.45	354.33	348.62	345.67	397.49
Arrears	18.05	23.75	30.58	42.33	52.96	53.24	73.72
Other	332.58	302.42	315.87	312.00	295.66	292.43	323.77
of which debt for energy resources	316.37	287.18	301.39	300.02	287.06	288.58	319.74
<b>Long-term</b>	<b>175.83</b>	<b>201.59</b>	<b>202.20</b>	<b>214.97</b>	<b>250.83</b>	<b>268.91</b>	<b>340.60</b>
Loans	175.83	201.59	202.20	214.97	250.83	268.91	340.60
<b>Direct Investment: Intercompany lending</b>	<b>79.20</b>	<b>122.31</b>	<b>190.35</b>	<b>213.99</b>	<b>208.89</b>	<b>284.97</b>	<b>380.06</b>
Debt liabilities to direct investors	79.20	122.31	190.35	213.99	208.89	284.97	380.06
of which arrears*	2.89	15.28	24.74	27.97	23.43	16.64	24.61
<b>TOTAL</b>	<b>1722.41</b>	<b>1677.93</b>	<b>1818.81</b>	<b>1930.73</b>	<b>1883.58</b>	<b>2079.64</b>	<b>2524.16</b>

\*corresponds to other liabilities in the international investment position

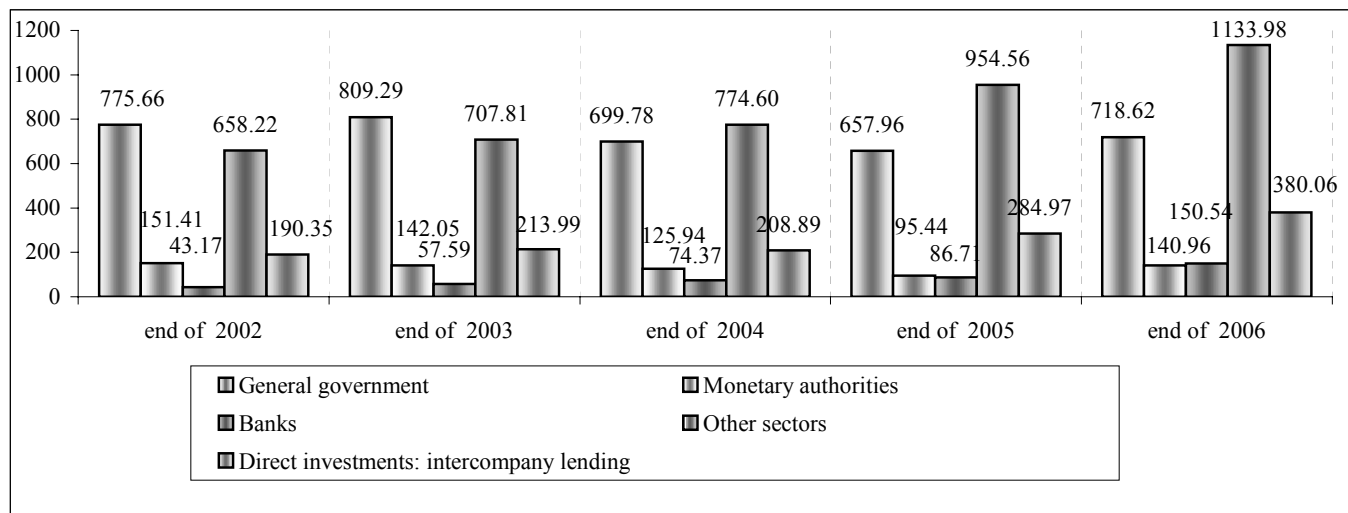
Note: data for 2002 – 2005 were revised

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



The structure of the external debt by sector shows that economic agents from other sectors had the major share in foreign liabilities - 44.9% (chart 2).

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



In May 2006 the rescheduling of bilateral governmental external debt was agreed at the Paris Club, later the conditions of rescheduling were specified with each creditor apart. Thus, the stock of public and publicly guaranteed external debt amounted to US\$ 876.73 million at the end of 2006.

The stock of private sector non-guaranteed external liabilities constituted US\$ 1647.43 million, 26.2% up from the end of 2005, mainly due to the new drawings on external loans from parent companies and to the accumulations of arrears on external debt service.

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

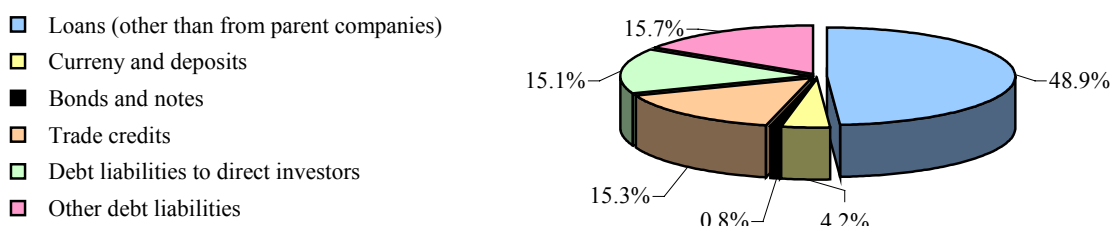
	end of 2000	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006
<b>Public and Publicly Guaranteed Debt</b>	<b>1022.69</b>	<b>956.59</b>	<b>987.72</b>	<b>1009.26</b>	<b>880.11</b>	<b>774.09</b>	<b>876.73</b>
<i>Short-term</i>	<i>6.14</i>	<i>12.60</i>	<i>36.81</i>	<i>77.35</i>	<i>30.48</i>	<i>36.30</i>	<i>0.13</i>
Other debt liabilities*	6.14	12.60	36.81	77.35	30.48	36.30	0.13
Arrears (on principal and interest)	6.14	12.60	36.81	77.35	30.48	36.30	0.13
<i>Long-term</i>	<i>1009.64</i>	<i>937.08</i>	<i>943.61</i>	<i>924.09</i>	<i>841.53</i>	<i>737.79</i>	<i>876.60</i>
Bonds and notes	189.47	147.40	119.18	94.31	31.76	25.40	19.05
Loans	820.17	789.68	824.43	829.78	809.77	712.39	857.55
<b>Direct Investment: Intercompany lending</b>	<b>6.91</b>	<b>6.91</b>	<b>7.30</b>	<b>7.82</b>	<b>8.10</b>	<b>0.00</b>	<b>0.00</b>
Debt liabilities to direct investors	6.91	6.91	7.30	7.82	8.10	0.00	0.00
Arrears					8.10		
Other	6.91	6.91	7.30	7.82			
<b>Non-guaranteed Private Debt</b>	<b>699.72</b>	<b>721.34</b>	<b>831.09</b>	<b>921.47</b>	<b>1003.47</b>	<b>1305.55</b>	<b>1647.43</b>
<i>Short-term</i>	<i>480.86</i>	<i>439.55</i>	<i>471.58</i>	<i>519.09</i>	<i>555.70</i>	<i>736.61</i>	<i>900.16</i>
Loans	3.90	2.28	0.14	9.44	2.13	1.34	8.47
Currency and deposits	19.11	15.94	19.67	24.57	39.55	50.95	106.78
Trade credits	108.09	97.95	109.43	137.67	175.02	338.64	387.42
Other debt liabilities *	349.76	323.38	342.34	347.41	339.00	345.68	397.49
Arrears (on principal and interest)	17.18	20.96	26.47	35.41	43.34	53.25	73.72

Other	332.58	302.42	315.87	312.00	295.66	292.43	323.77
<b>Long-term</b>	<b>146.57</b>	<b>166.39</b>	<b>176.46</b>	<b>196.21</b>	<b>246.98</b>	<b>283.97</b>	<b>367.21</b>
Loans	146.57	166.39	176.46	196.21	246.98	283.97	367.21
<b>Direct Investment: Intercompany lending</b>	<b>72.29</b>	<b>115.40</b>	<b>183.05</b>	<b>206.17</b>	<b>200.79</b>	<b>284.97</b>	<b>380.06</b>
Debt liabilities to direct investors	72.29	115.40	183.05	206.17	200.79	284.97	380.06
Arrears*	2.89	15.28	24.74	27.97	15.33	16.64	24.61
Other	69.40	100.12	158.31	178.20	185.46	268.33	355.45
<b>Total</b>	<b>1722.41</b>	<b>1677.93</b>	<b>1818.81</b>	<b>1930.73</b>	<b>1883.58</b>	<b>2079.64</b>	<b>2524.16</b>

\* corresponds to other liabilities in the international investment position

Loans continued to hold the largest share in external liabilities (48.9%) (chart 3).

Chart 3. *Structure of External Debt by Type of Liability (end of 2006)*



The external liabilities in the form of loans and debt securities including arrears on their service increased up to US\$ 1706.19 million as a result of net inflow (US\$ 212.19 million), accumulation of net interest arrears (US\$ 4.1 million), exchange rate changes of US dollar against the other contractual currencies (US\$ 34.45 million) and other adjustments (US\$ 57.73 million) (table 5).

Public debt held 49.2% of liabilities in the form of loans and debt securities, followed by private non-guaranteed debt (48.6%) and publicly guaranteed debt (2.2%).

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

	end of 2000	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006
<b>Monetary authorities</b>	<b>154.14</b>	<b>146.15</b>	<b>151.41</b>	<b>142.05</b>	<b>125.94</b>	<b>95.44</b>	<b>140.96</b>
Loans (from the IMF)	154.14	146.15	151.41	142.05	125.94	95.44	140.96
<b>Direct governmental debt</b>	<b>786.98</b>	<b>723.71</b>	<b>747.07</b>	<b>780.81</b>	<b>671.58</b>	<b>634.26</b>	<b>698.80</b>
Loans	592.65	567.56	596.51	617.98	621.64	575.73	679.75
Arrears on loans	1.48	2.00	0.39	14.63	18.18	33.13	
Debt securities	189.47	147.40	119.18	94.31	31.76	25.40	19.05
Arrears on debt securities	3.38	6.75	30.99	53.89			
<b>Private debt guaranteed by the government *</b>	<b>81.57</b>	<b>86.73</b>	<b>89.24</b>	<b>86.40</b>	<b>82.59</b>	<b>44.39</b>	<b>36.98</b>
Banks	10.33	7.59	3.17	0.80			
Loans	10.33	7.59	3.17	0.80			
Other sectors	71.24	79.14	86.07	85.60	82.59	44.39	36.98
Loans	69.96	75.29	80.64	76.77	62.19	41.22	36.84
Arrears on loans	1.28	3.85	5.43	8.83	20.40	3.17	0.14
<b>Private debt non-guaranteed by the government</b>	<b>239.94</b>	<b>305.03</b>	<b>386.12</b>	<b>447.23</b>	<b>493.24</b>	<b>623.53</b>	<b>829.45</b>
Banks	5.39	8.75	20.33	32.22	34.82	35.76	43.76
Loans	5.39	8.75	20.33	32.22	34.82	35.76	43.76
Other sectors	234.55	296.28	365.79	415.01	458.42	587.77	785.69
Loans	214.48	260.04	314.58	351.63	399.75	517.88	687.36
Arrears on loans	20.07	36.24	51.21	63.38	58.67	69.89	98.33
<b>TOTAL</b>	<b>1262.63</b>	<b>1261.62</b>	<b>1373.84</b>	<b>1456.49</b>	<b>1373.35</b>	<b>1397.62</b>	<b>1706.19</b>

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

The international financial organizations remained the main creditors of Moldova (table 4).

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

	end of 2000	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of 2006
<b>Monetary authorities</b>	<b>154.14</b>	<b>146.15</b>	<b>151.41</b>	<b>142.05</b>	<b>125.94</b>	<b>95.44</b>	<b>140.96</b>
IMF	154.14	146.15	151.41	142.05	125.94	95.44	140.96
<b>Direct governmental debt</b>	<b>786.98</b>	<b>723.71</b>	<b>747.07</b>	<b>780.82</b>	<b>671.59</b>	<b>634.27</b>	<b>698.81</b>
<i>Multilateral creditors</i>	<i>355.79</i>	<i>344.37</i>	<i>377.22</i>	<i>405.01</i>	<i>413.27</i>	<i>387.79</i>	<i>412.66</i>
IBRD and IDA	294.48	293.80	330.87	364.74	385.76	370.60	393.39
EBRD	10.24	9.26	8.29	7.32	6.35	5.37	4.39
EU	51.07	40.53	35.41	27.50	13.61	3.55	
IFAD		0.78	2.65	5.45	7.55	8.27	12.25
CEB							2.63
<i>Bilateral creditors</i>	<i>223.04</i>	<i>212.83</i>	<i>207.33</i>	<i>217.37</i>	<i>226.56</i>	<i>221.08</i>	<i>267.10</i>
USA	61.29	59.40	57.10	58.10	58.10	58.10	56.99
Japan	29.35	23.60	23.86	25.96	27.31	24.06	22.26
Russia	91.68	91.68	91.68	95.02	98.30	98.30	137.30
other	40.72	38.15	34.69	38.29	42.85	40.62	50.55
<i>Other creditors</i>	<i>15.30</i>	<i>12.36</i>	<i>12.35</i>	<i>10.24</i>			
<i>Debt securities</i>	<i>192.85</i>	<i>154.15</i>	<i>150.17</i>	<i>148.20</i>	<i>31.76</i>	<i>25.40</i>	<i>19.05</i>
<b>Private debt guaranteed by the government**</b>	<b>81.57</b>	<b>86.73</b>	<b>89.24</b>	<b>86.40</b>	<b>82.58</b>	<b>44.39</b>	<b>36.97</b>
<i>Multilateral creditors</i>	<i>62.41</i>	<i>68.27</i>	<i>67.64</i>	<i>60.86</i>	<i>54.69</i>	<i>20.88</i>	<i>17.29</i>
EBRD	62.41	68.27	67.64	60.86	54.69	20.88	17.29
<i>Other creditors</i>	<i>19.16</i>	<i>18.46</i>	<i>21.60</i>	<i>25.54</i>	<i>27.89</i>	<i>23.51</i>	<i>19.68</i>
<b>Private debt non-guaranteed by the government</b>	<b>239.94</b>	<b>305.03</b>	<b>386.12</b>	<b>447.22</b>	<b>493.24</b>	<b>623.52</b>	<b>829.45</b>
Multilateral creditors	43.08	46.02	79.34	78.25	91.17	82.03	78.72
Other creditors	196.86	259.01	306.78	368.97	402.07	541.49	750.73
<b>TOTAL</b>	<b>1262.63</b>	<b>1261.62</b>	<b>1373.84</b>	<b>1456.49</b>	<b>1373.35</b>	<b>1397.62</b>	<b>1706.19</b>

\*including arrears on principal and on interest

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

In 2006 the NBM received US\$ 65.15 million from the IMF and reimbursed US\$ 24.10 million. Thus the stock of monetary authorities' liabilities increased by US\$ 45.52 million at the end of 2006.

The governmental sector benefited from US\$ 31.13 million within previously contracted loans. The scheduled principal payments on loans and debt securities amounted to US\$ 64.47 million, of which US\$ 47.24 million were really paid, the rest of them were rescheduled according to the Paris Club agreements.

The stock of publicly guaranteed external debt was 16.7% down by the end of 2006. According to the Paris Club agreements US\$ 4.69 million were reclassified to the direct governmental debt. The real principal payments during the reported period amounted to US\$ 4.59 million.

The private sector benefited from new loans in the amount of US\$ 380.67 million, of which US\$ 24.20 million were directed to the banking sector, the economic agents from other sectors borrowed the rest of them. The real principal payments on private loans constituted US\$ 188.73 million.

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

	Stock at the end of 2005	Drawings **	Principal repayments	Accumulation of interest arrears (net)	Other adjustments	Exchange rate changes	Stock at the end of 2006
<b>IMF loans</b>	<b>95.44</b>	<b>65.15</b>	<b>-24.10</b>			<b>4.47</b>	<b>140.96</b>
<b>Direct governmental debt</b>	<b>634.27</b>	<b>31.13</b>	<b>-47.24</b>		<b>62.86</b>	<b>17.79</b>	<b>698.81</b>
<i>multilateral creditors</i>	387.79	28.43	-18.73			15.17	412.66
<i>bilateral creditors</i>	221.08	2.70	-22.16		62.86	2.62	267.10
<i>long-term governmental bonds</i>	25.40		-6.35				19.05
<b>Debt guaranteed by the government</b>	<b>44.39</b>		<b>-4.59</b>		<b>-5.13</b>	<b>2.30</b>	<b>36.97</b>
<i>multilateral creditors</i>	20.88		-3.77			0.18	17.29
<i>other creditors</i>	23.51		-0.82		-5.13	2.12	19.68
<b>Debt non-guaranteed by the government</b>	<b>623.52</b>	<b>380.67</b>	<b>-188.73</b>	<b>4.10</b>	<b>0.00</b>	<b>9.89</b>	<b>829.45</b>
<i>multilateral creditors</i>	82.03	14.63	-22.54	0.31		4.29	78.72
<i>other creditors</i>	541.49	366.04	-166.19	3.79		5.60	750.73
<b>Total</b>	<b>1397.62</b>	<b>476.95</b>	<b>-264.66</b>	<b>4.10</b>	<b>57.73</b>	<b>34.45</b>	<b>1706.19</b>

\* including arrears on principal and on interest

\*\* excluding rescheduled and reclassified amounts

The indices of external indebtedness of the national economy are given below.

Table 6. *Indices of External Indebtedness of Moldova*

	UM	2000	2001	2002	2003	2004	2005	2006
External debt at the end of year	US\$ mil.	1722.41	1677.93	1818.81	1930.73	1883.58	2079.64	2524.16
Exports of goods and services	US\$ mil.	641.35	735.54	876.35	1055.02	1326.15	1503.52	1541.51
External debt in the form of loans and debt securities	US\$ mil.	1262.63	1261.62	1373.84	1456.49	1373.35	1397.62	1706.19
Public external debt service* (scheduled)	US\$ mil.	107.94	98.78	120.79	129.62	111.48	99.65	123.76
Public external debt service * (effective)	US\$ mil.	103.20	116.50	94.07	89.40	136.26	87.36	98.16
Governmental external debt service** (effective)	US\$ mil.	57.88	86.58	59.49	52.44	103.53	52.41	66.45
Public external debt service * (scheduled) / Exports of goods and services	%	16.8	13.4	13.8	12.3	8.4	6.6	8.0
Public external debt service * (effective) / Exports of goods and services	%	16.1	15.8	10.7	8.5	10.3	5.8	6.4

\*debt in the form of loans and debt securities, including loans guaranteed by the government

\*\*including payments by the government on guaranteed loans