

EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt of Moldova totalled US\$ 4108.02 million at the end of 2008.

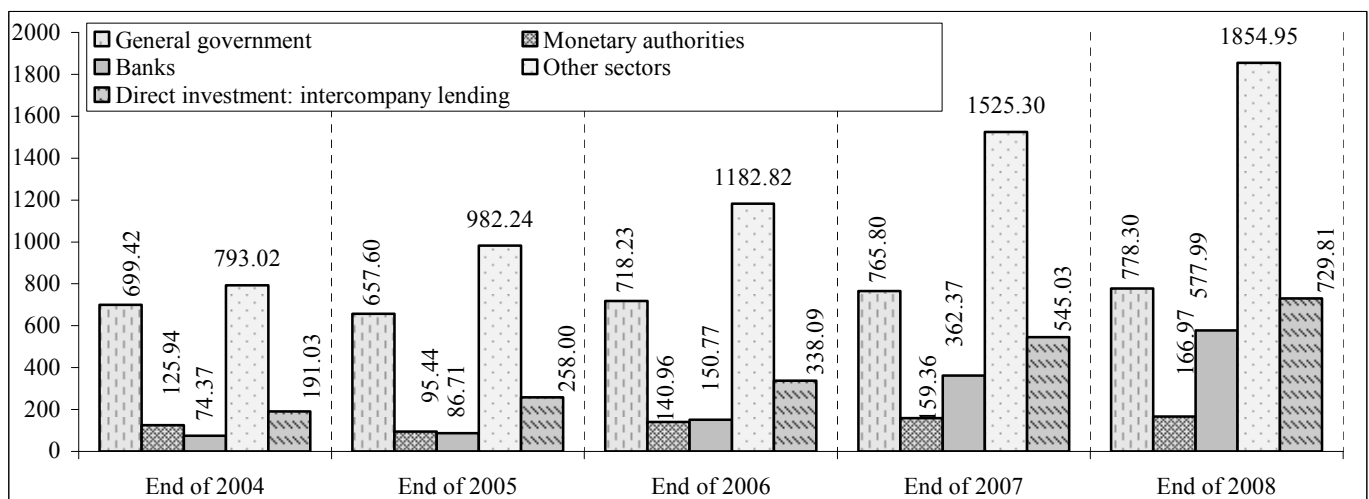
Table 1. *Gross External Debt by Sector (US\$ million)*

	End of 2004	End of 2005	End of 2006	End of 2007	End of 2008
General Government	699.42	657.60	718.23	765.80	778.30
Short-term	20.86	36.25	0.13		
Other debt liabilities	20.86	36.25	0.13		
Arrears	20.86	36.25	0.13		
Long-term	678.56	621.35	718.10	765.80	778.30
Bonds and notes	31.76	25.40	19.04	12.69	6.35
Loans	646.80	595.95	699.06	753.11	771.95
Monetary authorities	125.94	95.44	140.96	159.36	166.97
Long-term	125.94	95.44	140.96	159.36	166.97
Loans	125.94	95.44	140.96	159.36	166.97
Banks	74.37	86.71	150.77	362.37	577.99
Short-term	41.55	50.95	106.78	199.24	265.05
Loans	2.00			10.45	38.70
Currency and deposits	39.55	50.95	106.78	178.49	226.35
Other debt liabilities				10.30	
Long-term	32.82	35.76	43.99	163.13	312.94
Loans	32.82	35.76	43.99	163.13	312.94
Other Sectors	793.02	982.24	1182.82	1525.30	1854.95
Short-term	524.15	684.96	789.76	943.97	1113.26
Loans	0.12	1.40	7.73	10.59	30.78
Trade credits	175.02	338.64	387.41	501.73	606.87
Other debt liabilities	349.01	344.92	394.62	431.65	475.61
Arrears	53.35	51.79	70.33	84.93	111.66
Other	295.66	293.13	324.29	346.72	363.95
of which debt for imports of energy resources	287.06	288.58	319.74	345.10	362.33
Long-term	268.87	297.28	393.06	581.33	741.69
Loans	268.87	297.28	393.06	581.33	741.69
Direct investment: intercompany lending	191.03	258.00	338.09	545.03	729.81
Debt liabilities to direct investors	191.03	258.00	338.09	545.03	729.81
Arrears	23.03	18.37	22.43	25.86	38.31
Other	168.00	239.63	315.66	519.17	691.50
TOTAL	1883.78	2079.99	2530.87	3357.86	4108.02

Note: data for 2004-2007 have been revised.

Economic agents of other sectors had the major share in foreign liabilities within the structure of the external debt by sector – 45.9% (chart 1).

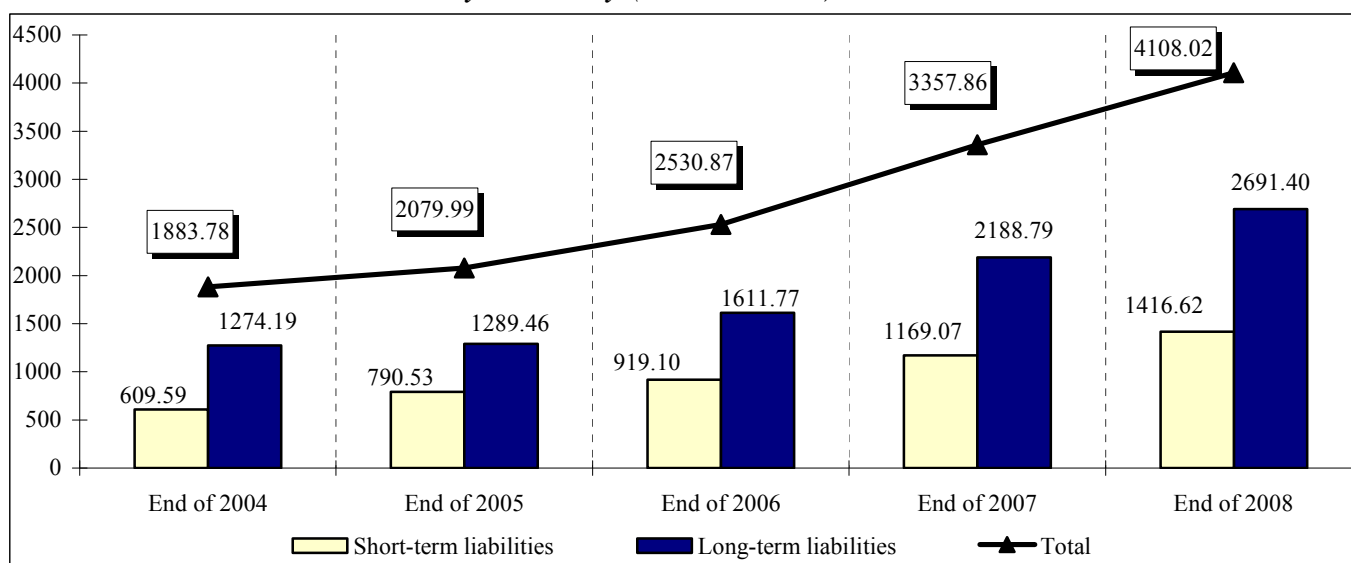
Chart 1. *Structure of External Debt by Sector (US\$ million)*



The debt of the National Bank of Moldova to the IMF increased 4.8% as a result of drawings on two loan tranches of US\$ 37.56 million (under the Poverty Reduction and Growth Facility). US\$ 25.43 million was reimbursed on previous loans, and the fluctuation of the exchange rates of original currencies against the US dollar diminished the stock by US\$ 4.52 million.

The growth in the external liabilities of the banking sector in 2008 from US\$ 362.37 million to US\$ 557.99 million (that is, by 59.5%) was due to drawings on new loans under the credit lines from international financial institutions and from foreign affiliated banks, as well as due to the growth in nonresidents' deposits.

Chart 2. *Gross External Debt by Maturity (US\$ million)*



Short-term liabilities constituted 34.5% of total and amounted to US\$ 1416.62 million (chart 2).

Short-term external debt includes: trade credits (mostly consisting of advance payments received for the subsequent exports of goods and services), short-term loans and arrears on external debt service (consisting of outstanding liabilities, including to affiliated creditors), as well as nonresidents' deposits (both demand and time deposits).

In the total short-term debt trade credits accounted for 42.8%, short-term loans and arrears – 15.5%, the historical debt for energy resources imports – 25.6%, nonresidents' deposits – 16.0%.

In 2008, the stock of public and publicly guaranteed external debt increased 1.4% and amounted to US\$ 957.41 million. Non-guaranteed private external debt totalled US\$ 3150.61 million, increasing 30.5% as compared to the end of 2007 (table 2).

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

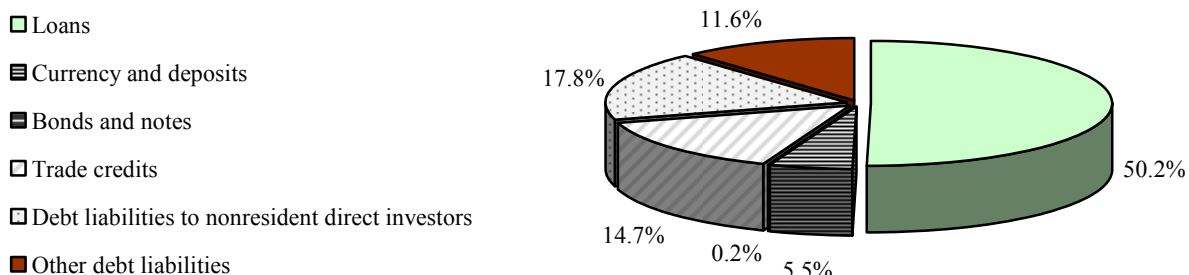
	End of 2004	End of 2005	End of 2006	End of 2007	End of 2008
Public and publicly guaranteed debt	879.75	773.75	876.38	943.99	957.41
<i>Short-term</i>	<i>30.48</i>	<i>36.25</i>	<i>0.13</i>	<i>0.04</i>	<i>0.12</i>
Other debt liabilities	30.48	36.25	0.13	0.04	0.12
Arrears (on principal and interest)	30.48	36.25	0.13	0.04	0.12
of which: debt of public corporations*				0.04	0.12
<i>Long-term</i>	<i>841.17</i>	<i>737.50</i>	<i>876.25</i>	<i>943.95</i>	<i>957.29</i>
Bonds and notes	31.76	25.40	19.04	12.69	6.35
Loans	809.41	712.10	857.21	931.26	950.94
of which: debt of public corporations				5.29	1.09
<i>Direct investment: intercompany lending</i>	<i>8.10</i>				
Debt liabilities to direct investors	8.10				
Arrears (on principal and interest)	8.10				
Non-guaranteed Private Debt	1004.03	1306.24	1654.49	2413.87	3150.61
<i>Short-term</i>	<i>556.08</i>	<i>735.91</i>	<i>896.54</i>	<i>1143.17</i>	<i>1378.19</i>
Loans	2.12	1.40	7.73	21.04	69.48
Currency and deposits	39.55	50.95	106.78	178.49	226.35
Trade credits	175.02	338.64	387.41	501.73	606.87
Other debt liabilities	339.39	344.92	394.62	441.91	475.49
Arrears (on principal and interest)	43.73	51.79	70.33	84.89	111.54
Other	295.66	293.13	324.29	357.02	363.95
<i>Long-term</i>	<i>265.02</i>	<i>312.33</i>	<i>419.86</i>	<i>725.67</i>	<i>1042.61</i>
Loans	265.02	312.33	419.86	725.67	1042.61
<i>Direct investment: intercompany lending</i>	<i>182.93</i>	<i>258.00</i>	<i>338.09</i>	<i>545.03</i>	<i>729.81</i>
Debt liabilities to direct investors	182.93	258.00	338.09	545.03	729.81
Arrears	14.93	18.37	22.43	25.86	38.31
Other	168.00	239.63	315.66	519.17	691.50
Total	1883.78	2079.99	2530.87	3357.86	4108.02

*reclassification

Note: Since September 2007, public external debt includes the liabilities of public corporations (business entities where the government holds 50% or more of equity capital).

Loans continued to hold the largest share of external liabilities – 50.2% (chart 3).

Chart 3. *Structure of External Debt by Type of Liability*



The external liabilities in the form of loans and debt securities (table 3) amounted to US\$ 2910.85 million and had the following structure: 67.5% – private debt (including private debt guaranteed by the government and debt liabilities to nonresident direct investors), and 32.5% – public debt (including the debt of the NBM, direct governmental debt, and the debt assumed by the government as a result of guarantee activation, as well as the debt of public corporations).

The stock of the external governmental debt increased by US\$ 12.50 million, or by 1.6%: the direct governmental debt increased 2.1%, the assumed publicly guaranteed debt declined by 16.4%.

Table 3. *External Loans and Debt Securities** (US\$ million)

	End of 2004	End of 2005	End of 2006	End of 2007	End of 2008
Monetary authorities	125.94	95.44	140.96	159.36	166.97
Loans (from the IMF)	125.94	95.44	140.96	159.36	166.97
Governmental debt	699.42	657.60	718.23	765.80	778.30
<i>Direct governmental debt</i>	<i>671.22</i>	<i>633.91</i>	<i>698.40</i>	<i>747.22</i>	<i>762.77</i>
Loans	621.28	575.44	679.36	734.53	756.42
Arrears on loans	18.18	33.07			
Debt securities	31.76	25.40	19.04	12.69	6.35
<i>Publicly guaranteed assumed debt**</i>	<i>28.20</i>	<i>23.69</i>	<i>19.83</i>	<i>18.58</i>	<i>15.53</i>
Other sectors	28.20	23.69	19.83	18.58	15.53
Loans	25.52	20.51	19.70	18.58	15.53
Arrears on loans	2.68	3.18	0.13		
Debt of public corporations				5.33	1.21
Banks				0.59	
Loans				0.59	
Other sectors				4.74	1.21
Loans				4.70	1.09
Arrears on loans				0.04	0.12
Publicly guaranteed private debt***	54.39	20.71	17.19	13.50	10.93
Other sectors	54.39	20.71	17.19	13.50	10.93
Loans	36.67	20.71	17.19	13.50	10.93
Arrears on loans	17.72				
Private debt non-guaranteed by the government	493.80	623.52	836.01	1376.63	1953.44
Banks	34.82	35.76	43.99	172.99	351.64
Loans	34.82	35.76	43.99	172.99	351.64
Other sectors	458.98	587.76	792.02	1203.64	1601.80
Loans	400.32	517.60	699.26	1092.89	1451.95
Arrears on loans	58.66	70.16	92.76	110.75	149.85
TOTAL	1373.55	1397.27	1712.39	2320.62	2910.85

* including arrears on principal and interest

** loans under the guarantee of the government serviced by the government

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

The main creditors of the Republic of Moldova are specified in table 4. It should be pointed out that the share of international organizations is constantly declining, so it constituted 28.7% of the total liabilities on external loans and debt securities accumulated at the end of 2008 (compared to 31.7% at the end of 2007 and 37.8% at the end of 2006).

The dynamics of the governmental debt was determined by drawings on loans in an amount of US\$ 43.30 million, reimbursement of principal on loans and debt securities – US\$ 39.32 million, as well as accumulated and rescheduled interest – US\$ 9.78 million (according to the conditions of rescheduling negotiated with the Paris Club), and by the fluctuation of the exchange rates of original currencies against the US dollar.

No new loans were contracted under governmental guarantee. Economic agents reimbursed US\$ 2.54 million from previously contracted loans (table 5).

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

	End of 2004	End of 2005	End of 2006	End of 2007	End of 2008
Monetary authorities	125.94	95.44	140.96	159.36	166.97
IMF	125.94	95.44	140.96	159.36	166.97
Direct governmental debt	671.22	633.91	698.40	747.22	762.77
<i>Multilateral creditors</i>	<i>413.27</i>	<i>387.79</i>	<i>412.65</i>	<i>461.65</i>	<i>480.25</i>
IBRD and IDA	385.76	370.58	393.37	434.49	436.40
EBRD	6.35	5.38	4.41	3.44	2.47
EU	13.61	3.55			
IFAD	7.55	8.28	12.24	19.31	31.65
CEB			2.63	4.41	8.79
EIB					0.94
<i>Bilateral creditors</i>	<i>226.19</i>	<i>220.72</i>	<i>266.71</i>	<i>272.88</i>	<i>276.17</i>
USA	58.10	58.10	56.99	56.74	56.41
Japan	27.31	24.06	22.26	22.51	26.89
Russia	98.30	98.30	137.31	135.84	133.51
other	42.48	40.26	50.15	57.79	59.36
<i>Debt securities</i>	<i>31.76</i>	<i>25.40</i>	<i>19.04</i>	<i>12.69</i>	<i>6.35</i>
Publicly guaranteed assumed debt**	28.20	23.69	19.83	18.58	15.53
<i>Multilateral creditors</i>	<i>0.31</i>	<i>0.19</i>	<i>0.13</i>		
EBRD	0.31	0.19	0.13		
<i>Other creditors</i>	<i>27.89</i>	<i>23.50</i>	<i>19.70</i>	<i>18.58</i>	<i>15.53</i>
Debt of public corporations				5.33	1.21
<i>Multilateral creditors</i>					<i>0.36</i>
EBRD					0.36
<i>Other creditors</i>				<i>5.33</i>	<i>0.85</i>
Publicly guaranteed private debt ***	54.39	20.71	17.19	13.50	10.93
<i>Multilateral creditors</i>	<i>54.39</i>	<i>20.71</i>	<i>17.19</i>	<i>13.50</i>	<i>10.93</i>
EBRD	54.39	20.71	17.19	13.50	10.93
Private debt non-guaranteed by the government	493.80	623.52	836.01	1376.63	1953.44
<i>Multilateral creditors</i>	<i>90.85</i>	<i>73.44</i>	<i>76.45</i>	<i>101.41</i>	<i>176.14</i>
Other creditors	402.95	550.08	759.56	1275.22	1777.30
TOTAL	1373.55	1397.27	1712.39	2320.62	2910.85

* including arrears on principal and interest

** loans under the guarantee of the government serviced by the government

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

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

	Stock at the end of 2007	Drawings **	Real principal repayments	Accumulation of interest arrears	Other adjustments	Exchange rate changes	Stock at the end of 2008
IMF loans	159.36	37.56	-25.43			-4.52	166.97
Direct governmental debt	747.22	43.30	-39.32		12.22	-0.65	762.77
multilateral creditors	461.65	43.22	-19.96			-4.66	480.25
bilateral creditors	272.88	0.08	-13.02		12.22	4.01	276.17
debt securities	12.69		-6.34				6.35
Publicly guaranteed assumed debt	18.58				-2.44	-0.61	15.53
other creditors	18.58				-2.44	-0.61	15.53
Debt of public corporations	5.33	1.89	-6.04	-0.03		0.06	1.21
multilateral creditors		0.36					0.36
other creditors	5.33	1.53	-6.04	-0.03		0.06	0.85
Publicly guaranteed debt	13.50		-2.54			-0.03	10.93
multilateral creditors	13.50		-2.54			-0.03	10.93
Debt non-guaranteed by the government	1376.63	999.45	-401.60	7.43		-28.47	1953.44
multilateral creditors	101.41	111.18	-33.39	0.22		-3.28	176.14
other creditors	1275.22	888.27	-368.21	7.21		-25.19	1777.30
Total	2320.62	1082.20	-474.93	7.40	9.78	-34.22	2910.85

* including arrears on principal and on interest

** excluding rescheduled and reclassified amounts

New loans in an amount of US\$ 999.45 million were received by the private sector (except for public corporations). Thus, banks drew US\$ 235.75 million, and economic

agents from other sectors – US\$ 763.70 million (of which US\$ 272.83 million – from foreign investors and US\$ 490.87 million – from other foreign creditors).

The private sector's real payments of principal amounted to US\$ 401.60 million, as against US\$ 435.89 million according to schedule.

The indices of external indebtedness of the domestic economy are given in table 6.

Table 6. *Indices of External Indebtedness*

	UM	2004	2005	2006	2007	2008
External debt at year-end	US\$ million	1883.78	2079.99	2530.87	3357.86	4108.02
Exports of goods and services	US\$ million	1326.15	1503.52	1526.47	1998.42	2483.17
External debt in the form of loans and debt securities	US\$ million	1373.55	1397.27	1712.39	2320.62	2910.85
Public external debt service* (scheduled)	US\$ million	111.48	99.65	123.76	92.69 [#]	91.34 [#]
Public external debt service * (effective)	US\$ million	136.26	87.36	98.16	92.75 [#]	91.26 [#]
Governmental external debt service** (effective)	US\$ million	103.53	52.41	66.45	53.16	54.89
Public external debt service * (scheduled) / Exports of goods and services	%	8.4	6.6	8.1	4.6	3.7
Public external debt service * (effective) /Exports of goods and services	%	10.3	5.8	6.4	4.6	3.7

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

** including payments by the government on guaranteed loans

including the service of public corporations' loans since 09.09.2007