

EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt¹ of the Republic of Moldova as of March 31, 2006 totalled US\$ 2033.33 million, increasing by US\$ 43.57 million (2.2%) as compared to the end of 2005.

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

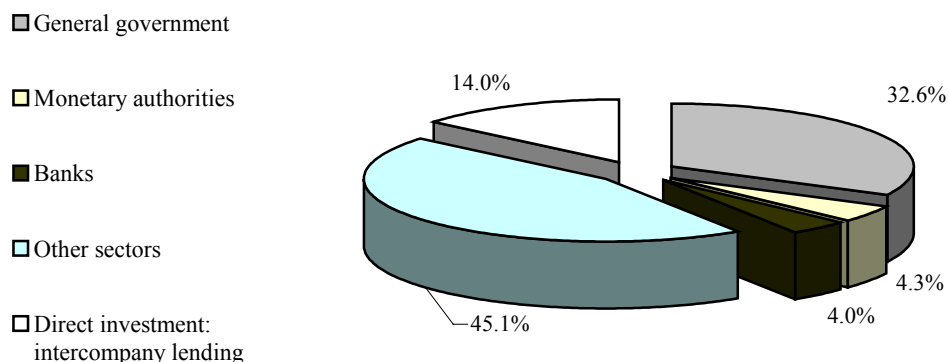
	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006
General Government	751.30	775.66	809.29	700.01	658.40	662.90
<i>Short-term</i>	<i>9.81</i>	<i>32.70</i>	<i>70.43</i>	<i>21.10</i>	<i>36.75</i>	<i>41.72</i>
Other debt liabilities*	9.81	32.70	70.43	21.10	36.75	41.72
Arrears	9.81	32.70	70.43	21.10	36.75	41.72
<i>Long-term</i>	<i>741.49</i>	<i>742.96</i>	<i>738.86</i>	<i>678.91</i>	<i>621.65</i>	<i>621.18</i>
Bonds and notes	147.40	119.18	94.31	31.76	25.40	25.99
Loans	594.09	623.78	644.55	647.15	596.25	595.19
Monetary authorities	146.15	151.41	142.05	125.94	95.44	87.05
<i>Long-term</i>	<i>146.15</i>	<i>151.41</i>	<i>142.05</i>	<i>125.94</i>	<i>95.44</i>	<i>87.05</i>
Loans	146.15	151.41	142.05	125.94	95.44	87.05
Banks	32.28	43.17	57.59	74.31	85.10	82.18
<i>Short-term</i>	<i>18.04</i>	<i>19.67</i>	<i>33.17</i>	<i>42.05</i>	<i>51.45</i>	<i>48.42</i>
Loans	2.10		8.60	2.50	0.50	0.50
Currency and deposits	15.94	19.67	24.57	39.55	50.95	47.92
<i>Long-term</i>	<i>14.24</i>	<i>23.50</i>	<i>24.42</i>	<i>32.26</i>	<i>33.65</i>	<i>33.76</i>
Loans	14.24	23.50	24.42	32.26	33.65	33.76
Other Sectors	636.36	672.27	720.50	779.20	881.48	917.30
<i>Short-term</i>	<i>430.16</i>	<i>466.18</i>	<i>508.68</i>	<i>546.15</i>	<i>624.93</i>	<i>646.60</i>
Loans	0.62	0.71	4.77	8.92	9.43	9.14
Trade credits	97.95	109.43	137.50	174.85	252.80	266.25
Other debt liabilities*	331.59	356.04	366.41	362.38	362.70	371.21
Arrears	26.20	33.00	42.39	49.11	51.27	58.81
Other	305.39	323.04	324.02	313.27	311.43	312.40
<i>of which: debt for energy resources</i>	<i>287.18</i>	<i>301.39</i>	<i>300.02</i>	<i>287.06</i>	<i>288.58</i>	<i>289.38</i>
<i>Long-term</i>	<i>206.20</i>	<i>206.09</i>	<i>211.82</i>	<i>233.05</i>	<i>256.55</i>	<i>270.70</i>
Loans	206.20	206.09	211.82	233.05	256.55	270.70
Direct Investment: Intercompany lending	109.06	174.75	196.43	195.38	269.34	283.90
Debt liabilities to direct investors	109.06	174.75	196.43	195.38	269.34	283.90
<i>of which arrears*</i>	<i>15.03</i>	<i>23.58</i>	<i>27.33</i>	<i>25.05</i>	<i>35.01</i>	<i>38.55</i>
TOTAL	1675.15	1817.26	1925.86	1874.84	1989.76	2033.33

* corresponds to other liabilities from international investment position

The structure of the external debt by sector shows that economic agents of other sectors continued to have the major share in foreign liabilities (45.1%), the Government held 32.6% of external liabilities (chart 1).

¹ data for the end of years 2001-2005 were revised

Chart 1. *Structure of External Debt by Sector*



The public and publicly guaranteed debt decreased by US\$ 4.97 million amounting to US\$ 769.56 million. The private non-guaranteed debt increased by US\$ 48.54 million constituting US\$ 1263.77 million.

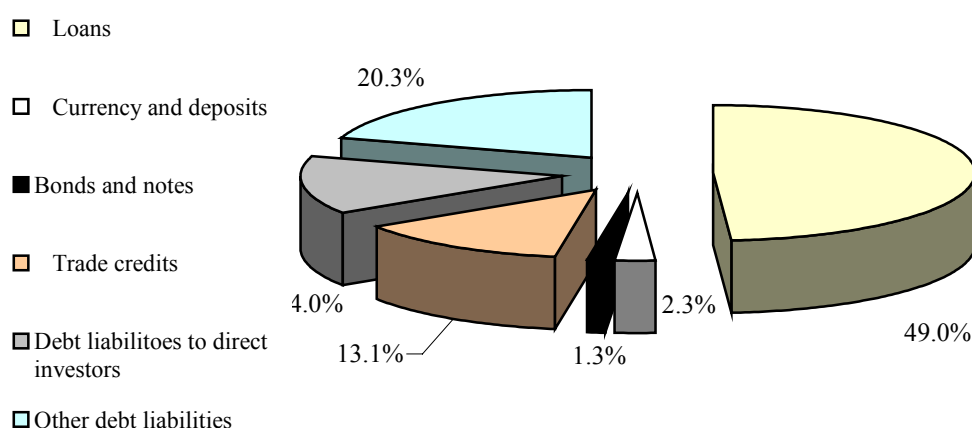
Table 2. *External Public and Publicly Guaranteed Debt and Non - guaranteed Private Sector Debt* (US\$ million)

	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006
Public and Publicly Guaranteed Debt	956.59	987.72	1009.26	880.34	774.53	769.56
<i>Short-term</i>	<i>12.60</i>	<i>36.81</i>	<i>77.35</i>	<i>30.72</i>	<i>36.75</i>	<i>41.72</i>
Other debt liabilities*	12.60	36.81	77.35	30.72	36.75	41.72
Arrears (on principal and interest)	12.60	36.81	77.35	30.72	36.75	41.72
<i>Long-term</i>	<i>937.08</i>	<i>943.61</i>	<i>924.09</i>	<i>841.52</i>	<i>737.78</i>	<i>727.84</i>
Bonds and notes	147.40	119.18	94.31	31.76	25.40	25.99
Loans	789.68	824.43	829.78	809.76	712.38	701.85
<i>Direct Investment: Intercompany lending</i>	<i>6.91</i>	<i>7.30</i>	<i>7.82</i>	<i>8.10</i>		
Debt liabilities to direct investors	6.91	7.30	7.82	8.10		
Arrears				8.10		
Other	6.91	7.30	7.82			
Non-guaranteed private debt	718.56	829.54	916.60	994.50	1215.23	1263.77
<i>Short-term</i>	<i>445.41</i>	<i>481.74</i>	<i>534.94</i>	<i>578.58</i>	<i>676.38</i>	<i>695.02</i>
Loans	2.72	0.71	13.37	11.42	9.93	9.64
Currency and deposits	15.94	19.67	24.57	39.55	50.95	47.92
Trade credits	97.95	109.43	137.50	174.85	252.80	266.25
Other debt liabilities *	328.80	351.93	359.50	352.76	362.70	371.21
Arrears (on principal and interest)	23.41	28.89	35.48	39.49	51.27	58.81
Other	305.39	323.04	324.02	313.27	311.43	312.40
<i>Long-term</i>	<i>171.00</i>	<i>180.35</i>	<i>193.06</i>	<i>228.64</i>	<i>269.51</i>	<i>284.85</i>
Loans	171.00	180.35	193.06	228.64	269.51	284.85
<i>Direct Investment: Intercompany lending</i>	<i>102.15</i>	<i>167.45</i>	<i>188.60</i>	<i>187.28</i>	<i>269.34</i>	<i>283.90</i>
Debt liabilities to direct investors	102.15	167.45	188.60	187.28	269.34	283.90
of which arrears*	15.03	23.58	27.33	16.95	35.01	38.55
Total	1675.15	1817.26	1925.86	1874.84	1989.76	2033.33

* corresponds to other liabilities in international investment position

Loans continued to hold the largest share in the structure of external debt by type of liabilities (49.0%).

Chart 2. *Structure of External Debt by Type of Liability*



The stock of external liabilities in the form of loans and debt securities including arrears on their service went 2.3% up from the end of 2005 and totalled US\$ 1406.76 million as a result of net inflows of US\$ 24.81 million. This increase was also determined by accumulations of net interest arrears in the amount of US\$ 3.07 million and by the exchange rate changes of US dollar against other contractual currencies (US\$ 3.71 million).

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

	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006
Monetary authorities	146.15	151.41	142.05	125.94	95.44	87.05
Loans (from the IMF)	146.15	151.41	142.05	125.94	95.44	87.05
Direct governmental debt	723.71	747.07	780.81	671.58	634.25	638.76
Loans	567.56	596.51	617.98	621.63	575.72	574.99
Arrears on loans	2.00	0.39	14.63	18.19	33.13	37.78
Debt securities	147.40	119.18	94.31	31.76	25.40	25.99
Arrears on debt securities	6.75	30.99	53.89	0.00	0.00	0.00
Private debt guaranteed by the government **	86.73	89.24	86.40	82.82	44.84	43.75
Banks	7.59	3.17	0.80			
Loans	7.59	3.17	0.80			
Other sectors	79.14	86.07	85.60	82.82	44.84	43.75
Loans	75.29	80.64	76.77	62.19	41.22	39.81
Arrears on loans	3.85	5.43	8.83	20.63	3.62	3.94
Private debt non-guaranteed by the government	299.28	377.40	430.51	466.83	600.05	637.20
Banks	8.75	20.33	32.22	34.76	34.15	34.26
Loans	8.75	20.33	32.22	34.76	34.15	34.26
Other sectors	290.53	357.07	398.29	432.07	565.90	602.94
Loans	252.09	304.60	335.49	375.63	479.62	505.59
Arrears on loans	38.44	52.47	62.80	56.44	86.28	97.35
TOTAL	1255.87	1365.12	1439.77	1347.17	1374.58	1406.76

* including arrears on principal and interest;

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

The international financial organizations remained the main creditors of Moldova holding 41.0% of the total debt in the form of loans and debt securities.

Table 4. *External Debt in the Form of Loans and Debt Securities by Creditors**

(US\$ million)

	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006
Monetary authorities	146.15	151.41	142.05	125.94	95.44	87.05
IMF	146.15	151.41	142.05	125.94	95.44	87.05
Direct governmental debt	723.71	747.07	780.81	671.58	634.25	638.76
<i>Multilateral creditors</i>	<i>344.37</i>	<i>377.22</i>	<i>405.00</i>	<i>413.26</i>	<i>387.78</i>	<i>390.05</i>
IBRD and IDA	293.80	330.87	364.73	385.75	370.59	371.26
EBRD	9.26	8.29	7.32	6.35	5.37	4.88
EU	40.53	35.41	27.50	13.61	3.55	3.62
IFAD	0.78	2.65	5.45	7.55	8.27	8.84
CEB						1.45
<i>Bilateral creditors</i>	<i>212.83</i>	<i>207.33</i>	<i>217.37</i>	<i>226.56</i>	<i>221.07</i>	<i>222.72</i>
USA	59.4	57.10	58.10	58.10	58.10	58.10
Japan	23.6	23.86	25.96	27.31	24.06	24.16
Russia	91.68	91.68	95.02	98.30	98.30	98.30
other	38.15	34.69	38.29	42.85	40.61	42.16
<i>Other creditors</i>	<i>12.36</i>	<i>12.35</i>	<i>10.24</i>			
<i>Debt securities</i>	<i>154.15</i>	<i>150.17</i>	<i>148.20</i>	<i>31.76</i>	<i>25.40</i>	<i>25.99</i>
Private debt guaranteed by the government**	86.73	89.24	86.40	82.82	44.84	43.75
<i>Multilateral creditors</i>	<i>68.27</i>	<i>67.64</i>	<i>60.86</i>	<i>54.69</i>	<i>20.88</i>	<i>19.76</i>
EBRD	68.27	67.64	60.86	54.69	20.88	19.76
<i>Other creditors</i>	<i>18.46</i>	<i>21.60</i>	<i>25.54</i>	<i>28.13</i>	<i>23.96</i>	<i>23.99</i>
Private debt non-guaranteed by the government	299.28	377.40	430.51	466.83	600.05	637.20
<i>Multilateral creditors</i>	<i>46.02</i>	<i>79.35</i>	<i>84.34</i>	<i>91.18</i>	<i>82.03</i>	<i>80.09</i>
<i>Other creditors</i>	<i>253.26</i>	<i>298.05</i>	<i>346.17</i>	<i>375.65</i>	<i>518.02</i>	<i>557.11</i>
TOTAL	1255.87	1365.12	1439.77	1347.17	1374.58	1406.76

* including arrears on principal and on interest

** including loans serviced by the debtor and loans serviced by the guarantor

The stock of monetary authorities' external liabilities (NBM) amounted to US\$ 87.05 million. During the first quarter US\$ 9.16 million were reimbursed to the IMF.

The direct Governmental debt increased by US\$ 4.51 million. Governmental sector benefited from new borrowings in the amount of US\$ 7.77 million. Real principal payments constituted US\$ 5.2 million against US\$ 9.78 million scheduled for that period. Arrears on principal repayments constituted of US\$ 4.58 million. As for the interest service all payments were made in due time.

The private sector's external liabilities under the guarantee of the Government decreased by the end of March 2006: there were no new borrowings, real payments on principal constituted US\$ 1.57 million, an advance payment in the amount of US\$ 0.31 million was registered.

Private sector benefited from new borrowings in the amount of US\$ 48.48 million. The real payments on principal totalled US\$ 15.51 million against US\$ 23.51 million scheduled. The net interest arrears increased the external liabilities of other sectors by US\$ 3.07 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 IQ, 2006
IMF loans	95.44		-9.16			0.77	87.05
Direct governmental debt	634.25	7.77	-5.20		0.59	1.35	638.76
<i>multilateral creditors</i>	387.78	6.68	-5.20			0.79	390.05
<i>bilateral creditors</i>	221.07	1.09				0.56	222.72
<i>long-term governmental bonds</i>	25.40				0.59		25.99
Private debt guaranteed by the government	44.84		-1.57			0.48	43.75
<i>multilateral creditors</i>	20.88		-1.17			0.05	19.76
<i>other creditors</i>	23.96		-0.40			0.43	23.99
Private debt non-guaranteed by the government	600.05	48.48	-15.51	3.07		1.11	637.20
<i>multilateral creditors</i>	82.03	1.17	-3.28	0.06		0.11	80.09
<i>other creditors</i>	518.02	47.31	-12.23	3.01		1.00	557.11
Total	1374.58	56.25	-31.44	3.07	0.59	3.71	1406.76

* including arrears on principal and on interest

** excluding rescheduled and reclassified amounts

Table 6. *Macroeconomic Indices of External Indebtedness of Moldova*

	UM	2001	2002	2003	2004	2005	IQ, 2006
External debt at end of the period	US\$ mil.	1675.15	1817.26	1925.86	1874.84	1989.76	2033.33
Exports of goods and services	US\$ mil.	735.54	876.35	1059.31	1349.15	1528.28	366.18
External debt in the form of loans and debt securities	US\$ mil.	1255.87	1365.12	1439.77	1347.17	1374.58	1406.76
Public external debt service* (schedule)	US\$ mil.	98.78	120.79	129.62	111.48	99.55	28.04
Public external debt service * (effective)	US\$ mil.	116.50	94.07	89.40	136.26	87.15	23.5
Governmental external debt service** (effective)	US\$ mil.	86.58	59.49	52.44	103.53	52.41	11.26
Public external debt service * (schedule) / Exports of goods and services	%	13.4	13.8	12.2	8.3	6.5	7.6
Public external debt service * (effective) /Exports of goods and services	%	15.8	10.7	8.4	10.1	5.7	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