

External Debt of the Republic of Moldova

The gross external debt of the Republic of Moldova totaled US\$ 3535.14 million by March 31, 2008, increasing 7.1% as against the end of 2007 (table 1).

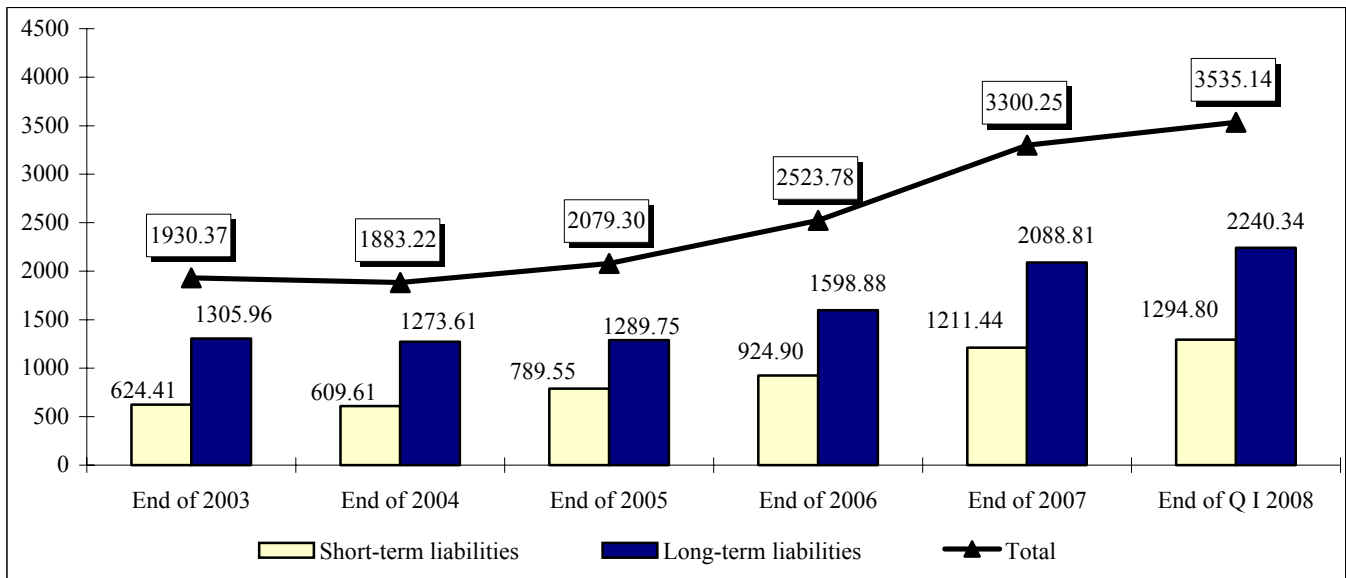
Table 1. *Gross External Debt – General Presentation (US\$ million)*

	End of 2003	End of 2004	End of 2005	End of 2006	End of 2007**	End of Q I 2008
General Government	808.93	699.42	657.61	718.23	765.80	798.10
<i>Short-term</i>	70.43	20.86	36.30	0.13		
Other debt liabilities*	70.43	20.86	36.30	0.13		
Arrears	70.43	20.86	36.30	0.13		
<i>Long-term</i>	738.50	678.56	621.31	718.10	765.80	798.10
Bonds and notes	94.31	31.76	25.40	19.04	12.69	13.00
Loans	644.19	646.80	595.91	699.06	753.11	785.10
Monetary authorities	142.05	125.94	95.44	140.96	159.36	175.10
<i>Long-term</i>	142.05	125.94	95.44	140.96	159.36	175.10
Loans	142.05	125.94	95.44	140.96	159.36	175.10
Banks	57.59	74.37	86.71	150.54	362.14	399.65
<i>Short-term</i>	33.17	41.55	50.95	106.78	207.24	218.08
Loans	8.60	2.00			18.45	18.45
Currency and deposits	24.57	39.55	50.95	106.78	178.49	199.63
Other debt liabilities*					10.30	
<i>Long-term</i>	24.42	32.82	35.76	43.76	154.90	181.57
Loans	24.42	32.82	35.76	43.76	154.90	181.57
Other Sectors	707.81	774.60	954.57	1133.99	1472.08	1565.13
<i>Short-term</i>	492.84	523.77	685.66	793.38	961.97	1018.18
Loans	0.84	0.13	1.34	8.47	10.25	23.48
Trade credits	137.67	175.02	338.64	387.42	510.64	547.46
Other debt liabilities*	354.33	348.62	345.68	397.49	441.08	447.24
Arrears	42.33	52.96	53.25	73.72	94.36	112.52
Other	312.00	295.66	292.43	323.77	346.72	334.72
of which debt for imports of energy resources	300.02	287.06	288.58	319.74	345.10	333.10
<i>Long-term</i>	214.97	250.83	268.91	340.61	510.11	546.95
Loans	214.97	250.83	268.91	340.61	510.11	546.95
Direct Investment: Intercompany lending	213.99	208.89	284.97	380.06	540.87	597.16
Debt liabilities to direct investors	213.99	208.89	284.97	380.06	540.87	597.16
Arrears*	27.97	23.43	16.64	24.61	42.23	58.54
Other	186.02	185.46	268.33	355.45	498.64	538.62
TOTAL	1930.37	1883.22	2079.30	2523.78	3300.25	3535.14

*corresponds to other liabilities in the international investment position

**revised data

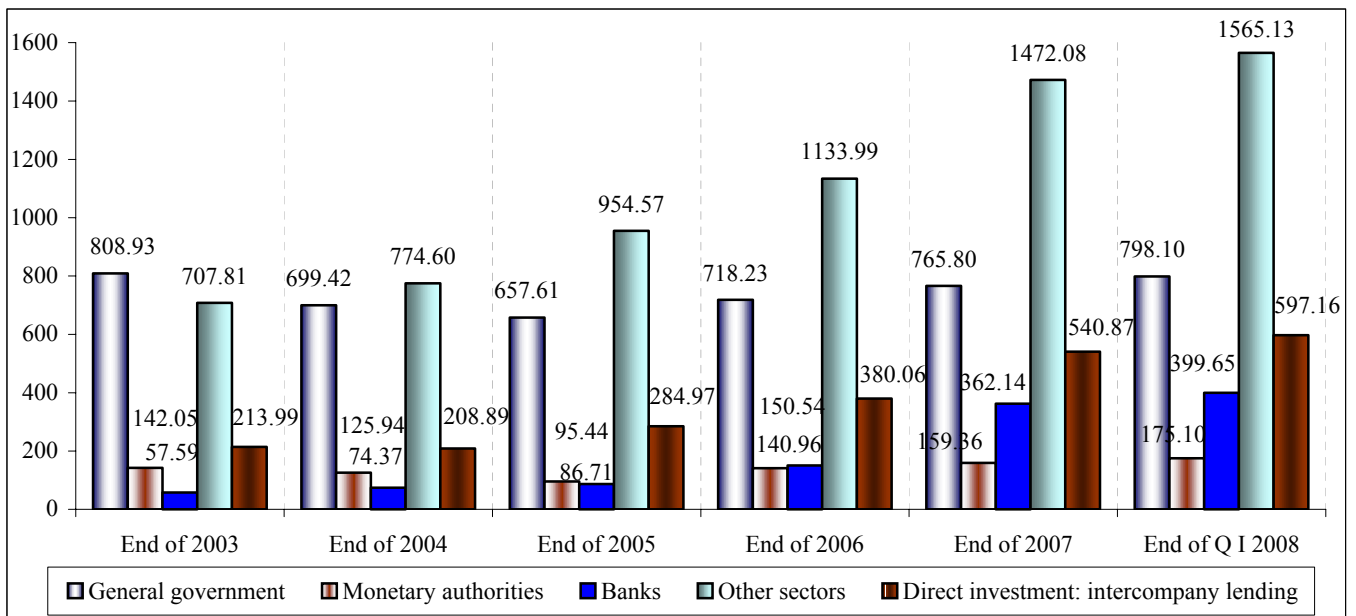
Chart 1. *Gross External Debt by Maturity Terms (US\$ million)*



Short-term external liabilities constituted US\$ 1294.80 million, or 36.6% of the total, growing 6.9% during the first quarter of 2008 (chart 1). The growth rate of long-term liabilities was 7.3%.

The structure of the external debt by sector shows that economic agents of other sectors and the general government continued to hold the largest shares of foreign liabilities – 44.3% and 22.6%, respectively (chart 2).

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



The stock of public and publicly guaranteed external debt recorded US\$ 986.27 million at the end of quarter I, 2008, and the stock of private non-guaranteed external debt

– US\$ 2548.87 million, increasing 5.1% and 7.9%, respectively. The share of the private non-guaranteed external debt was 72.1% of the total (table 2).

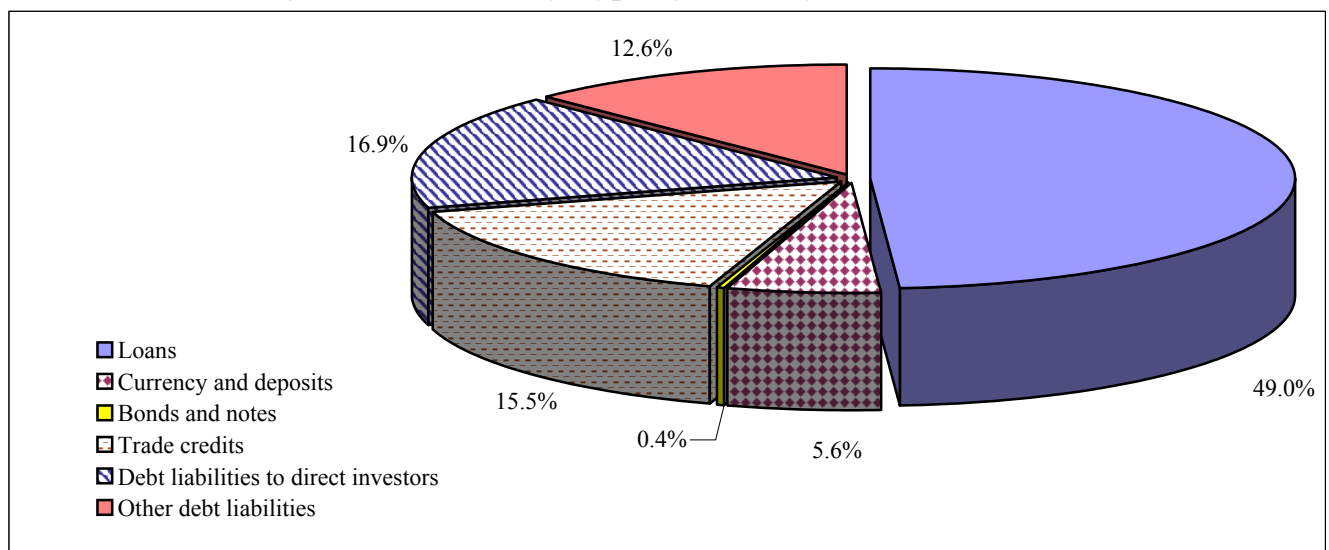
Table 2. *External Public and Publicly Guaranteed Debt and Non-guaranteed Private Sector Debt (US\$ million)*

	End of 2003	End of 2004	End of 2005	End of 2006	End of 2007	End of Q I 2008
Public and Publicly Guaranteed Debt	1008.90	879.75	773.75	876.36	938.62	986.27
<i>Short-term</i>	77.35	30.48	36.30	0.13		
Other debt liabilities*	77.35	30.48	36.30	0.13		
Arrears (on principal and interest)	77.35	30.48	36.30	0.13		
<i>Long-term</i>	923.73	841.17	737.45	876.23	938.62	986.27
Bonds and notes	94.31	31.76	25.40	19.04	12.69	13.00
Loans	829.42	809.41	712.05	857.19	925.93	973.27
<i>Direct investment: Intercompany lending</i>	7.82	8.10				
Debt liabilities to direct investors	7.82	8.10				
Arrears*		8.10				
Other	7.82					
Non-guaranteed Private Debt	921.47	1003.47	1305.55	1647.42	2361.63	2548.87
<i>Short-term</i>	519.09	555.70	736.61	900.16	1169.21	1236.26
Loans	9.44	2.13	1.34	8.47	28.70	41.93
Currency and deposits	24.57	39.55	50.95	106.78	178.49	199.63
Trade credits	137.67	175.02	338.64	387.42	510.64	547.46
Other debt liabilities *	347.41	339.00	345.68	397.49	451.38	447.24
Arrears (on principal and interest)	35.41	43.34	53.25	73.72	94.36	112.52
Other	312.00	295.66	292.43	323.77	357.02	334.72
<i>Long-term</i>	196.21	246.98	283.97	367.20	651.55	715.45
Loans	196.21	246.98	283.97	367.20	651.55	715.45
<i>Direct investment: Intercompany lending</i>	206.17	200.79	284.97	380.06	540.87	597.16
Debt liabilities to direct investors	206.17	200.79	284.97	380.06	540.87	597.16
Arrears*	27.97	15.33	16.64	24.61	42.23	58.54
Other	178.20	185.46	268.33	355.45	498.64	538.62
Total	1930.37	1883.22	2079.30	2523.78	3300.25	3535.14

* corresponds to other liabilities in the international investment position

Loans continued to hold the largest share of external liabilities (49.0%) (chart 3).

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



The external liabilities in the form of loans and debt securities including arrears on their service increased 8.8% during the reporting period, mainly as a result of a net inflow of US\$ 133.17 million, and amounted to US\$ 2453.33 million (table 3).

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

	End of 2003	End of 2004	End of 2005	End of 2006	End of 2007	End of Q I 2008
Monetary authorities	142.05	125.94	95.44	140.96	159.36	175.10
Loans (from the IMF)	142.05	125.94	95.44	140.96	159.36	175.10
Direct governmental debt	780.45	671.23	633.92	698.43	747.22	778.53
Loans	617.62	621.28	575.39	679.39	734.53	765.53
Arrears on loans	14.63	18.19	33.13			
Debt securities	94.31	31.76	25.40	19.04	12.69	13.00
Arrears of debt securities	53.89					
Private debt guaranteed by the government **	86.40	82.58	44.39	36.97	32.04	32.64
Banks	0.80					
Loans	0.80					
Other sectors	85.60	82.58	44.39	36.97	32.04	32.64
Loans	76.77	62.19	41.22	36.84	32.04	32.64
Arrears on loans	8.83	20.39	3.17	0.13		
Private debt non-guaranteed by the	447.23	493.24	623.53	829.45	1315.48	1467.06
Banks	32.22	34.82	35.76	43.76	173.35	200.02
Loans	32.22	34.82	35.76	43.76	173.35	200.02
Other sectors	415.01	458.42	587.77	785.69	1142.13	1267.04
Loans	351.63	399.75	517.88	687.36	1005.54	1095.98
Arrears on loans	63.38	58.67	69.89	98.33	136.59	171.06
TOTAL	1456.13	1372.99	1397.28	1705.81	2254.10	2453.33

* including arrears on principal and interest

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

The growth of the stock was also influenced by the accumulation of net arrears on interest (US\$ 3.72 million), exchange rate changes of the US dollar against other currencies (US\$ 58.81 million), and other adjustments.

The stock of liabilities of monetary authorities increased to US\$ 175.10 million, as a result of a new drawing on the IMF loan (US\$ 18.88 million), while the NBM repaid US\$ 9.51 million.

Direct governmental debt increased by US\$ 31.31 million, mainly due to changes in the exchange rate (US\$ 26.68 million). The external liabilities of the private sector guaranteed by the government increased incidentally.

The private sector benefited during the first quarter of 2008 from new loans of US\$ 160.81 million.

International financial institutions remained the main creditors of Moldova, accounting for 31.8 % of the total external debt in the form of loans and debt securities (table 4).

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

	End of 2003	End of 2004	End of 2005	End of 2006	End of 2007	End of Q I 2008
Monetary authorities	142.05	125.94	95.44	140.96	159.36	175.10
IMF	142.05	125.94	95.44	140.96	159.36	175.10
Direct governmental debt	780.45	671.23	633.92	698.43	747.22	778.53
<i>Multilateral creditors</i>	<i>405.01</i>	<i>413.27</i>	<i>387.80</i>	<i>412.69</i>	<i>461.64</i>	<i>482.99</i>
IBRD and IDA	364.74	385.76	370.60	393.39	434.47	451.85
EBRD	7.32	6.35	5.38	4.41	3.44	2.95
EU	27.50	13.61	3.55			
IFAD	5.45	7.55	8.27	12.26	19.32	22.19
CEB				2.63	4.41	6.00
<i>Bilateral creditors</i>	<i>217.00</i>	<i>226.20</i>	<i>220.72</i>	<i>266.70</i>	<i>272.89</i>	<i>282.54</i>
USA	58.10	58.10	58.10	56.99	56.74	56.74
Japan	25.96	27.31	24.06	22.26	22.51	25.63
Russia	95.02	98.30	98.30	137.32	135.84	138.90
other	37.92	42.49	40.26	50.13	57.80	61.27
<i>Other creditors</i>	<i>10.24</i>					
<i>Debt securities</i>	<i>148.20</i>	<i>31.76</i>	<i>25.40</i>	<i>19.04</i>	<i>12.69</i>	<i>13.00</i>
Private debt guaranteed by the government**	86.40	82.58	44.39	36.97	32.04	32.64
<i>Multilateral creditors</i>	<i>60.86</i>	<i>54.69</i>	<i>20.88</i>	<i>17.30</i>	<i>13.47</i>	<i>13.07</i>
EBRD	60.86	54.69	20.88	17.30	13.47	13.07
<i>Other creditors</i>	<i>25.54</i>	<i>27.89</i>	<i>23.51</i>	<i>19.67</i>	<i>18.57</i>	<i>19.57</i>
Private debt non-guaranteed by the government	447.23	493.24	623.53	829.45	1315.48	1467.06
Multilateral creditors	78.26	91.17	82.04	85.26	108.83	108.20
Other creditors	368.97	402.07	541.49	744.19	1206.65	1359.86
TOTAL	1456.13	1372.99	1397.28	1705.81	2254.10	2453.33

* including arrears on principal and interest

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

The indices of external indebtedness of the national economy are given in table 5.

Table 5. Indices of External Indebtedness of Moldova (US\$ million)

	2003	2004	2005	2006	2007	Q I 2008
External debt (at the end of period)	1930.37	1883.22	2079.30	2523.78	3300.25	3535.14
Exports of goods and services	1055.02	1326.15	1503.52	1541.51	2006.83	540.92
External debt in the form of loans and debt securities	1456.13	1372.99	1397.28	1705.81	2254.10	2453.33
Governmental external debt service* - effective	52.44	103.53	52.41	66.45	53.29	11.85
Public external debt service the form of loans and debt securities**:						
scheduled	129.62	111.48	99.65	123.76	82.50	22.22
effective	89.40	136.26	87.36	98.16	82.57	22.22
scheduled / exports of goods and services (%)	12.3	8.4	6.6	8.0	4.1	4.1
effective) / exports of goods and services (%)	8.5	10.3	5.8	6.4	4.1	4.1

*including payments by the government on guaranteed loans

**including loans guaranteed by the government