

EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt of the Republic of Moldova totalled US\$ 3300.29 million at the end of 2007 (table 1).

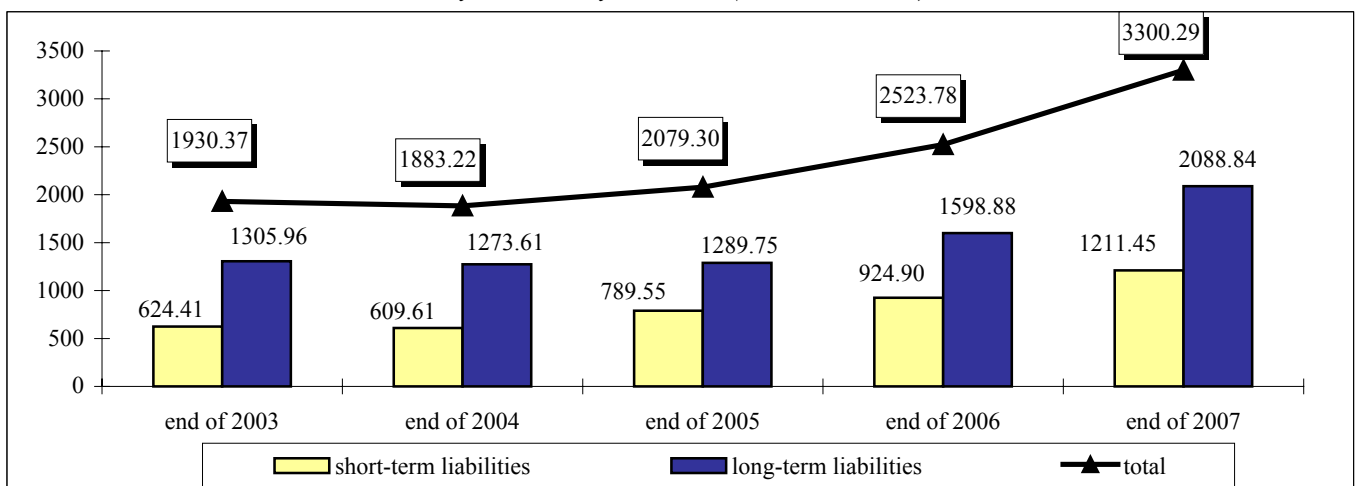
Table 1. *Gross External Debt by Sector (US\$ million)*

	end of 2005	end of 2006	end of 2007
General Government	657.61	718.23	765.83
<i>Short-term</i>	<i>36.30</i>	<i>0.13</i>	
Other debt liabilities*	36.30	0.13	
Arrears	36.30	0.13	
<i>Long-term</i>	<i>621.31</i>	<i>718.10</i>	<i>765.83</i>
Bonds and notes	25.40	19.04	12.69
Loans	595.91	699.06	753.14
Monetary authorities	95.44	140.96	159.36
<i>Long-term</i>	<i>95.44</i>	<i>140.96</i>	<i>159.36</i>
Loans	95.44	140.96	159.36
Banks	86.71	150.54	362.14
<i>Short-term</i>	<i>50.95</i>	<i>106.78</i>	<i>207.24</i>
Loans			18.45
Currency and deposits	50.95	106.78	178.49
Other debt liabilities*			10.30
<i>Long-term</i>	<i>35.76</i>	<i>43.76</i>	<i>154.90</i>
Loans	35.76	43.76	154.90
Other Sectors	954.57	1133.99	1472.09
<i>Short-term</i>	<i>685.66</i>	<i>793.38</i>	<i>961.98</i>
Loans	1.34	8.47	10.25
Trade credits	338.64	387.42	510.64
Other debt liabilities*	345.68	397.49	441.09
Arrears	53.25	73.72	94.37
Other	292.43	323.77	346.72
of which debt for imports of energy resources	288.58	319.74	345.10
<i>Long-term</i>	<i>268.91</i>	<i>340.61</i>	<i>510.11</i>
Loans	268.91	340.61	510.11
Direct Investment: Intercompany lending	284.97	380.06	540.87
Debt liabilities to direct investors	284.97	380.06	540.87
Arrears*	16.64	24.61	42.23
Other	268.33	355.45	498.64
TOTAL	2079.30	2523.78	3300.29

*corresponds to other liabilities in the international investment position

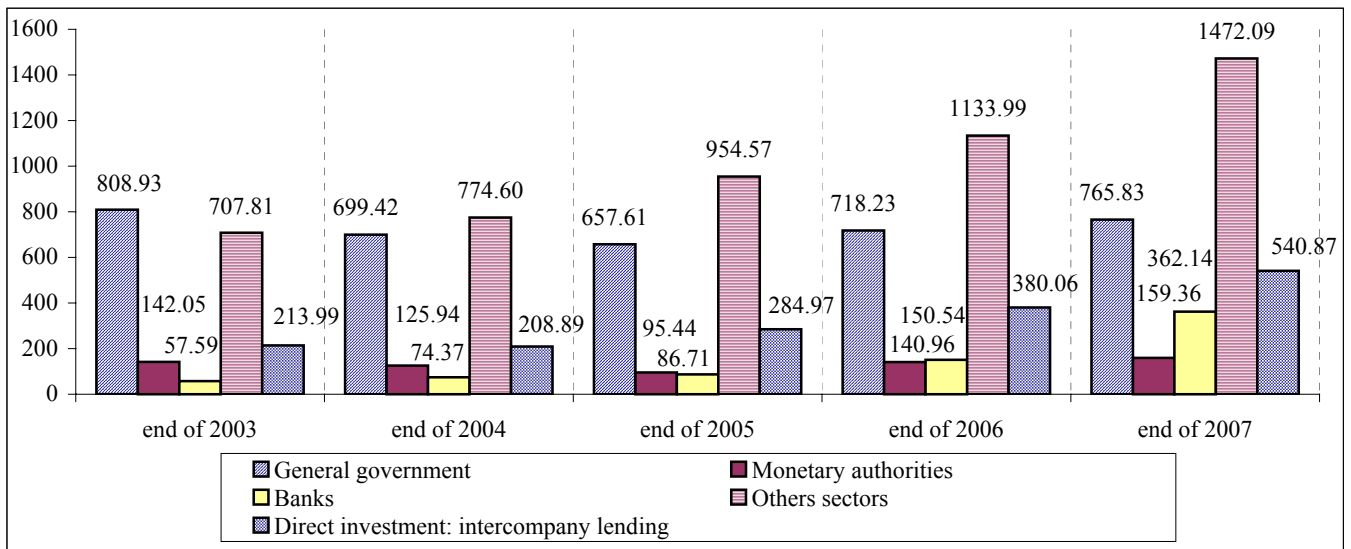
Short-term liabilities constituted 36.7% (chart 1).

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



The structure of the external debt by sector shows that economic agents of other sectors had the major share in foreign liabilities - 44.6%. The considerable growth in the liabilities of the banking sector throughout 2007 should be mentioned: from US\$150.54 million to US\$ 362.14 million (2.4 times), as a result of drawing on new loans under the credit lines from international financial institutions, as well as from foreign affiliated banks (chart 2).

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



The stock of public and publicly guaranteed external debt has grown from US\$ 876.73 million at the end of 2006 to US\$ 938.65 million at the end of 2007. Private non-guaranteed external debt increased 43.4% and amounted to US\$ 2361.64 million (table 2).

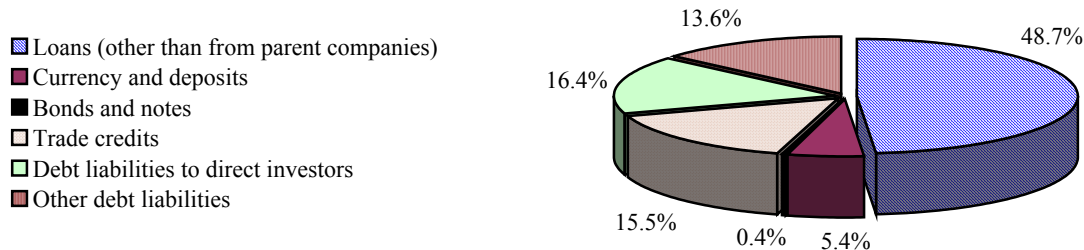
Table 2. *External Public and Publicly Guaranteed Debt and Non-guaranteed Private Sector Debt (US\$ million)*

	end of 2005	end of 2006	end of 2007
Public and Publicly Guaranteed Debt	773.75	876.36	938.65
<i>Short-term</i>	36.30	0.13	
Other debt liabilities*	36.30	0.13	
Arrears (on principal and interest)	36.30	0.13	
<i>Long-term</i>	737.45	876.23	938.65
Bonds and notes	25.40	19.04	12.69
Loans	712.05	857.19	925.96
Non-guaranteed Private Debt	1305.55	1647.42	2361.64
<i>Short-term</i>	736.61	900.16	1169.22
Loans	1.34	8.47	28.70
Currency and deposits	50.95	106.78	178.49
Trade credits	338.64	387.42	510.64
Other debt liabilities *	345.68	397.49	451.39
Arrears (on principal and interest)	53.25	73.72	94.37
Other	292.43	323.77	357.02
<i>Long-term</i>	283.97	367.20	651.55
Loans	283.97	367.20	651.55
Direct investment: Intercompany lending	284.97	380.06	540.87
Debt liabilities to direct investors	284.97	380.06	540.87
Arrears*	16.64	24.61	42.23
Other	268.33	355.45	498.64
Total	2079.30	2523.78	3300.29

* corresponds to other liabilities in the international investment position

Loans continued to hold the largest share of external liabilities (48.7%) (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 had the following structure: 40.2% – public debt, 58.4% – private non-guaranteed debt, and 1.4% – private debt guaranteed by the government. It is to be mentioned that private non-guaranteed debt increased 58.6% during 2007.

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

	end of 2005	end of 2006	end of 2007
Public debt	729.36	839.39	906.61
Monetary authorities	95.44	140.96	159.36
Loans (from the IMF)	95.44	140.96	159.36
Direct governmental debt	633.92	698.43	747.25
Loans	575.39	679.39	734.56
Arrears on loans	33.13		
Debt securities	25.40	19.04	12.69
Private debt guaranteed by the government**	44.39	36.97	32.04
Other sectors	44.39	36.97	32.04
Loans	41.22	36.84	32.04
Arrears on loans	3.17	0.13	
Private debt non-guaranteed by the government	623.53	829.45	1315.49
Banks	35.76	43.76	173.35
Loans	35.76	43.76	173.35
Other sectors	587.77	785.69	1142.14
Loans	517.88	687.36	1005.54
Arrears on loans	69.89	98.33	136.60
TOTAL	1397.28	1705.81	2254.14

* including arrears on principal and interest

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

The external debt of the Republic of Moldova in the form of loans and debt securities specified by creditor is presented in table 4.

In 2007 the NBM received US\$ 33.27 million from the IMF and reimbursed US\$ 22.06 million.

The governmental sector benefited from US\$ 47.36 million within previously contracted loans. Actual principal payments on loans and debt securities amounted to US\$ 35.96 million.

The stock of publicly guaranteed external debt at the end of 2007 was 13.3% down compared to the end of 2006. No new drawings on loans under the guarantee of the government have been made. Real principal payments amounted to US\$ 4.83 million.

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

	end of 2005	end of 2006	end of 2007
Monetary authorities	95.44	140.96	159.36
IMF	95.44	140.96	159.36
Direct governmental debt	633.92	698.43	747.25
Multilateral creditors	387.80	412.69	461.67
IBRD and IDA	370.60	393.39	434.47
EBRD	5.38	4.41	3.44
EU	3.55		
IFAD	8.27	12.26	19.35
CEB		2.63	4.41
Bilateral creditors	220.72	266.70	272.89
USA	58.10	56.99	56.74
Japan	24.06	22.26	22.51
Russia	98.30	137.32	135.84
other	40.26	50.13	57.80
Debt securities	25.40	19.04	12.69
Private debt guaranteed by the government**	44.39	36.97	32.04
Multilateral creditors	20.88	17.30	13.47
EBRD	20.88	17.30	13.47
Other creditors	23.51	19.67	18.57
Private debt non-guaranteed by the government	623.53	829.45	1315.49
Multilateral creditors	82.04	85.26	107.03
Other creditors	541.49	744.19	1208.46
TOTAL	1397.28	1705.81	2254.14

*including arrears on principal and on interest

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

The private sector benefited from new loans in the amount of US\$ 648.39.67 million, of which US\$ 161.43 million were borrowed by the banking sector, and the rest – by economic agents of other sectors. Real principal payments on private loans constituted US\$ 200.76 million.

The external liabilities in the form of loans and debt securities including arrears on their service increased to US\$ 2254.14 million as a result of net inflows (US\$ 465.41 million), accumulation of net interest arrears (US\$ 7.15 million), exchange rate changes of US dollar against other contractual currencies (US\$ 65.02 million) and other adjustments (US\$ 10.75 million) (table 5).

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

	Stock at the end of 2006	Drawings **	Principal repayments	Accumulation of interest arrears (net)	Other adjustments	Exchange rate changes	Stock at the end of 2007
IMF loans	140.96	33.27	-22.06			7.19	159.36
Direct governmental debt	698.43	47.36	-35.96		13.06	24.36	747.25
multilateral creditors	412.69	46.58	-16.87			19.27	461.67
bilateral creditors	266.70	0.78	-12.74		13.06	5.09	272.89
long-term governmental bonds	19.04		-6.35				12.69
Debt guaranteed by the government	36.97	-4.83		-0.04	-2.31	2.25	32.04
multilateral creditors	17.30		-3.94	-0.04		0.15	13.47
other creditors	19.67		-0.89		-2.31	2.10	18.57
Debt non-guaranteed by the government	829.45	648.39	-200.76	7.19		31.22	1315.49
multilateral creditors	85.26	40.63	-21.94			3.08	107.03
other creditors	744.19	607.76	-178.82	7.19		28.14	1208.46
Total	1705.81	729.02	-263.61	7.15	10.75	65.02	2254.14

* 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	2005	2006	2007
External debt at the end of year	US\$ million	2079.30	2523.78	3300.29
Exports of goods and services	US\$ million	1503.52	1541.51	2006.83
External debt in the form of loans and debt securities	US\$ million	1397.28	1705.81	2254.14
Public external debt service* (scheduled)	US\$ million	99.65	123.76	82.45
Public external debt service * (effective)	US\$ million	87.36	98.16	82.57
Governmental external debt service** (effective)	US\$ million	52.41	66.45	53.29
Public external debt service * (scheduled) / Exports of goods and services	%	6.6	8.0	4.1
Public external debt service * (effective) /Exports of goods and services	%	5.8	6.4	4.1

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

**including payments by the government on guaranteed loans