

## EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

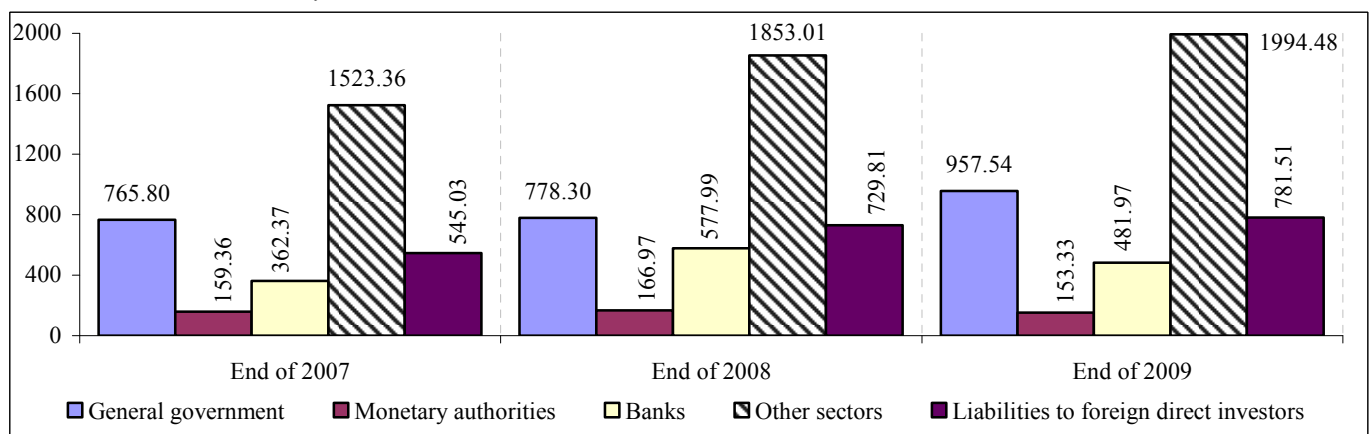
The gross external debt of the Republic of Moldova totalled US\$ 4368.83 million as of December 31, 2009, increasing by 6.4% as against the end of 2008 (table 1).

Table 1. *Gross External Debt of the Republic of Moldova (US\$ million)*

	End of 2007	End of 2008	End of 2009
<b>General government</b>	<b>765.80</b>	<b>778.30</b>	<b>957.54</b>
<i>Long-term</i>	<b>765.80</b>	<b>778.30</b>	<b>957.54</b>
Bonds and notes	12.69	6.35	
Loans	753.11	771.95	773.67
SDR allocations			183.87
<b>Monetary authorities</b>	<b>159.36</b>	<b>166.97</b>	<b>153.33</b>
<i>Long-term</i>	<b>159.36</b>	<b>166.97</b>	<b>153.33</b>
Loans	159.36	166.97	153.33
<b>Banks</b>	<b>362.37</b>	<b>577.99</b>	<b>481.97</b>
<i>Short-term</i>	<b>199.24</b>	<b>265.05</b>	<b>199.69</b>
Loans	10.45	38.70	20.31
Currency and deposits	178.49	226.35	179.38
Other debt liabilities	10.30		
<i>Long-term</i>	<b>163.13</b>	<b>312.94</b>	<b>282.28</b>
Loans	163.13	312.94	282.28
<b>Other sectors</b>	<b>1523.36</b>	<b>1853.01</b>	<b>1994.48</b>
<i>Short-term</i>	<b>942.03</b>	<b>1111.32</b>	<b>1227.88</b>
Loans	10.59	30.78	28.30
Trade credits	501.73	606.87	676.07
Other debt liabilities	429.71	473.67	523.51
Arrears	84.93	111.66	149.70
Other	344.78	362.01	373.81
of which debt for energy resources	343.16	360.39	372.19
<i>Long-term</i>	<b>581.33</b>	<b>741.69</b>	<b>766.60</b>
Loans	581.33	741.69	766.60
<b>Direct investment: intercompany lending</b>	<b>545.03</b>	<b>729.81</b>	<b>781.51</b>
Debt liabilities to direct investors	545.03	729.81	781.51
Arrears	25.86	38.31	154.23
Loans from direct investors	519.17	691.50	627.28
<b>TOTAL</b>	<b>3355.92</b>	<b>4106.08</b>	<b>4368.83</b>

The breakdown of the external debt by institutional sectors was as follows: general government – 21.9%, monetary authorities – 3.5%, banks – 11.0%, economic agents of other sectors – 45.7%, debt liabilities to foreign direct investors – 17.9% (chart 1).

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



The stock of *public and publicly guaranteed external debt* (table 2) increased over the year by 19.1% and amounted to US\$ 1139.75 million as of December 31, 2009, primarily due to the allocation of SDR by the IMF.

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

	End of 2007	End of 2008	End of 2009
<b>Public and publicly guaranteed debt</b>	<b>943.99</b>	<b>957.36</b>	<b>1139.75</b>
<i>Short-term</i>	<i>0.04</i>	<i>0.02</i>	<i>0.02</i>
Other debt liabilities	0.04	0.02	0.02
Arrears (on principal and interest)	0.04	0.02	0.02
of which: debt of public corporations	0.04	0.02	0.02
<i>Long-term</i>	<i>943.95</i>	<i>957.34</i>	<i>1139.73</i>
Bonds and notes	12.69	6.35	
Loans	931.26	950.99	955.86
of which: debt of public corporations	5.29	1.14	20.43
SDR allocations from the IMF			183.87
<b>Non-guaranteed private debt</b>	<b>2411.93</b>	<b>3148.72</b>	<b>3229.08</b>
<i>Short-term</i>	<i>1141.23</i>	<i>1376.35</i>	<i>1427.55</i>
Loans	21.04	69.48	48.61
Currency and deposits	178.49	226.35	179.38
Trade credits	501.73	606.87	676.07
Other debt liabilities	439.97	473.65	523.49
Arrears (on principal and interest)	84.89	111.64	149.68
Other	355.08	362.01	373.81
<i>Long-term</i>	<i>725.67</i>	<i>1042.56</i>	<i>1020.02</i>
Loans	725.67	1042.56	1020.02
<b>Direct investment: intercompany lending</b>	<b>545.03</b>	<b>729.81</b>	<b>781.51</b>
Debt liabilities to direct investors	545.03	729.81	781.51
Arrears	25.86	38.31	154.23
Loans from direct investors	519.17	691.5	627.28
<b>Total</b>	<b>3355.92</b>	<b>4106.08</b>	<b>4368.83</b>

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).

Within this financial instrument, the Republic of Moldova received SDR 117.71 million: SDR 91.33 million as general allocation and SDR 26.38 million – as special allocation.

The stock of *non-guaranteed private external debt* amounted to US\$ 3229.08 million, growing by 2.6%.

The structure of the external debt by *type of liability* is presented in chart 2, according to which the highest shares continued to belong to loans – 60.7% and to trade credits – 15.5%.

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

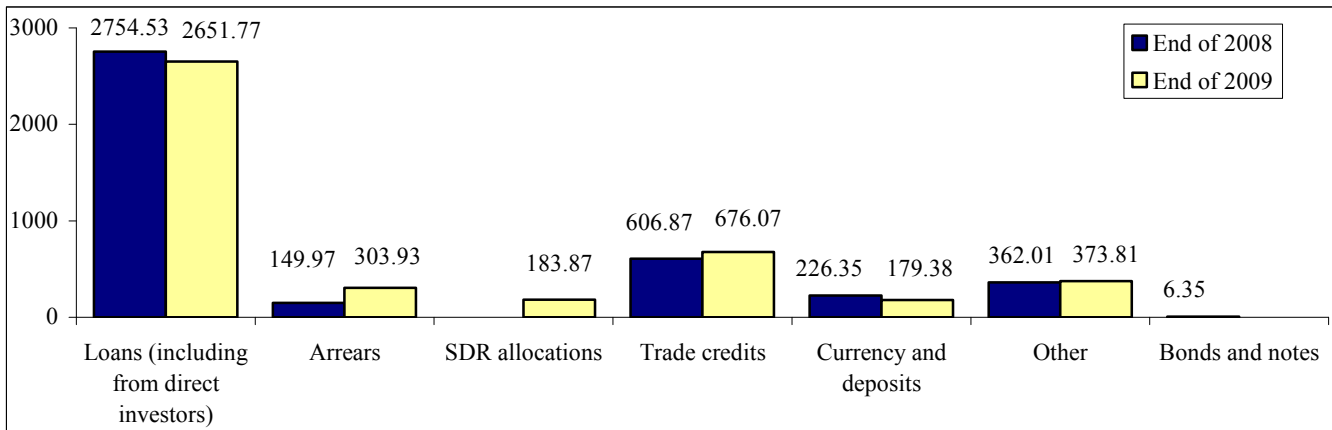
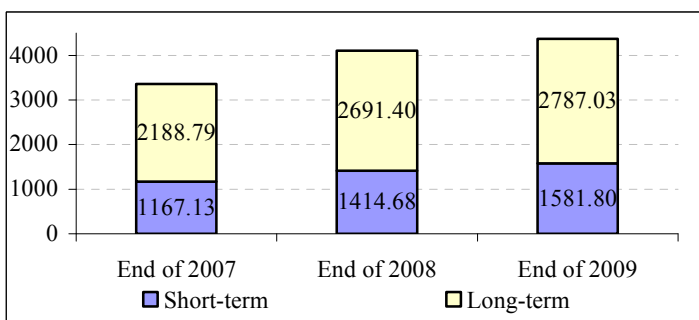


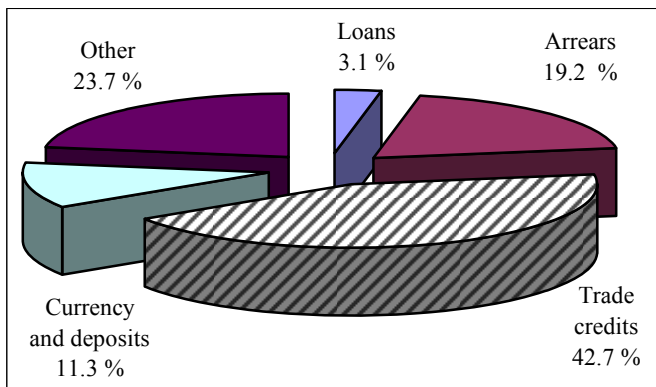
Chart 3. *Structure of External Debt by Maturity (US\$ million)*



Long-term liabilities increased by 3.6% over the year and constituted US\$ 2787.03 million, while short-term liabilities grew by 11.8% and reached US\$ 1581.80 million (chart 3).

It should be noted that at present the long-term external debt includes, besides long-term loans (including loans from foreign direct investors) that hold a 93.4% share, SDR allocations – 6.6%.

Chart 4. *Structure of Short-term External Debt, end of 2009*



The short-term external debt includes: short-term loans, trade credits (primarily consisting of advance payments), arrears (outstanding liabilities on both long-term and short-term loans), non-residents' deposits (time and demand deposits) with authorized banks of the Republic of Moldova and other external liabilities not specified above (chart 4).

The analysis of liabilities in the form of *loans and debt securities* (table 3) that amounted to US\$ 2955.70 million reveals that 67.9% of them belonged to the private sector

(including the debt guaranteed by the government but serviced by the private sector), and 32.1% – to the public sector (including the debt of the NBM, the direct governmental debt and private debt assumed by the government as a result of guarantee activation, as well as the debt of public corporations).

During 2009, the dynamics of public debt was influenced downwards by the redemption of governmental bonds in the amount of US\$ 6.35 million and by principal reimbursements on

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

	End of 2007	End of 2008	End of 2009
<b>Monetary authorities</b>	<b>159.36</b>	<b>166.97</b>	<b>153.33</b>
Loans (from the IMF)	159.36	166.97	153.33
<b>Public debt</b>	<b>765.80</b>	<b>778.30</b>	<b>773.67</b>
<i>Direct governmental debt</i>	<i>747.22</i>	<i>762.77</i>	<i>760.37</i>
Loans	734.53	756.42	760.37
Debt securities	12.69	6.35	
<i>Publicly guaranteed assumed debt</i>	<i>18.58</i>	<i>15.53</i>	<i>13.30</i>
Other sectors	18.58	15.53	13.30
Loans	18.58	15.53	13.30
<b>Debt of public corporations</b>	<b>5.33</b>	<b>1.16</b>	<b>20.45</b>
Banks	0.59		
Loans	0.59		
Other sectors	4.74	1.16	20.45
Loans	4.70	1.14	20.43
Arrears on loans	0.04	0.02	0.02
<b>Private debt guaranteed by the government</b>	<b>13.50</b>	<b>10.93</b>	<b>8.43</b>
Other sectors	13.50	10.93	8.43
Loans	13.50	10.93	8.43
<b>Non-guaranteed private debt</b>	<b>1376.63</b>	<b>1953.49</b>	<b>1999.82</b>
Banks	172.99	351.64	302.59
Loans	172.99	351.64	302.59
Other sectors	1203.64	1601.85	1697.23
Loans (including from direct investors)	1092.89	1451.90	1393.32
Arrears on loans (including from direct investors)	110.75	149.95	303.91
<b>TOTAL</b>	<b>2320.62</b>	<b>2910.85</b>	<b>2955.70</b>

previously contracted loans – US\$ 44.60 million, and upwards – by drawings on new loans in the amount of US\$ 41.19 million. No new loans were contracted under governmental guarantee, like in 2008.

The external loans of public corporations increased by US\$ 19.19 million as a result of new drawings, reaching a stock of US\$ 20.45 million at the end of the year.

Table 4. *External Loans and Debt Securities – additional details (US\$ million)*

	Stock as of the end of 2008	Drawings	Actual repayments of principal	Accumulation of interest arrears	Exchange rate changes	Stock as of the end of 2009
NBM loans from the IMF	166.97		-14.86		1.22	153.33
Direct governmental debt	762.77	41.19	-48.63		5.04	760.37
Publicly guaranteed assumed debt	15.53		-2.32		0.09	13.30
Debt of public corporations	1.16	19.19			0.10	20.45
Publicly guaranteed private debt	10.93		-2.50			8.43
Non-guaranteed private debt	1953.49	431.02	-419.76	28.77	6.30	1999.82
<b>TOTAL</b>	<b>2910.85</b>	<b>491.40</b>	<b>-488.07</b>	<b>28.77</b>	<b>12.75</b>	<b>2955.70</b>

The feature characterizing the private non-guaranteed debt is the exceedence of scheduled reimbursements – US\$ 544.95 million, over drawings – US\$ 431.02 million. Arrears accumulated on principal totalled US\$ 125.19 million, and arrears on interest – US\$ 28.77 million. Thus, the stock of private non-guaranteed debt amounted to US\$ 1999.82 million at the end of 2009.

Table 5. *External Loans and Debt Securities by Creditor (US\$ million)*

	End of 2007	End of 2008	End of 2009
<b>Monetary authorities</b>	<b>159.36</b>	<b>166.97</b>	<b>153.33</b>
IMF	159.36	166.97	153.33
<b>Direct governmental debt</b>	<b>747.22</b>	<b>762.77</b>	<b>760.37</b>
<i>Multilateral creditors</i>	<i>461.65</i>	<i>480.25</i>	<i>504.53</i>
IBRD and IDA	434.49	436.40	441.16
EBRD	3.44	2.47	1.50
IFAD	19.31	31.65	37.18
CEB	4.41	8.79	12.91
EIB		0.94	11.78
<i>Bilateral creditors</i>	<i>272.88</i>	<i>276.17</i>	<i>255.84</i>
USA	56.74	56.41	53.82
Japan	22.51	26.89	23.50
Russia	135.84	133.51	121.30
other	57.79	59.36	57.22
<i>Debt securities</i>	<i>12.69</i>	<i>6.35</i>	
<b>Publicly guaranteed assumed debt</b>	<b>18.58</b>	<b>15.53</b>	<b>13.30</b>
<i>Other creditors</i>	<i>18.58</i>	<i>15.53</i>	<i>13.30</i>
<b>Debt of public corporations</b>	<b>5.33</b>	<b>1.16</b>	<b>20.45</b>
<i>Multilateral creditors</i>		<i>0.36</i>	<i>9.31</i>
EBRD		0.36	9.31
<i>Other creditors</i>	<i>5.33</i>	<i>0.80</i>	<i>11.14</i>
<b>Publicly guaranteed private debt</b>	<b>13.50</b>	<b>10.93</b>	<b>8.43</b>
<i>Multilateral creditors</i>	<i>13.50</i>	<i>10.93</i>	<i>8.43</i>
EBRD	13.50	10.93	8.43
<b>Non-guaranteed private debt</b>	<b>1376.63</b>	<b>1953.49</b>	<b>1999.82</b>
Multilateral creditors	101.41	161.26	141.87
Other creditors	1275.22	1792.23	1857.95
<b>TOTAL</b>	<b>2320.62</b>	<b>2910.85</b>	<b>2955.70</b>

The breakdown of external liabilities by main creditors of the Republic of Moldova is presented in table 5.

The evolution of the degree of indebtedness of the Republic of Moldova is specified in table 6.

Table 6. *Indices of External Indebtedness*

	UM	2007	2008	2009
External debt at year-end	US\$ million	3355.92	4106.08	4368.83
Exports of goods and services	US\$ million	1998.42	2483.17	2004.35
External debt in the form of loans and debt securities	US\$ million	2320.62	2910.85	2955.70
Public external debt service* (scheduled)	US\$ million	92.69	91.34	89.06
Public external debt service * (effective)	US\$ million	92.75	91.26	89.06
Governmental external debt service** (effective)	US\$ million	53.16	54.89	69.58
Public external debt service * (scheduled) / Exports of goods and services	%	4.6	3.7	4.4
Public external debt service * (effective) / Exports of goods and services	%	4.6	3.7	4.4

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

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