

EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt of the Republic of Moldova totaled US\$ 4361.79 million as of March 31, 2010, declining by US\$ 7.04 million as against the end of 2009 (table 1).

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

	End of 2008	End of 2009	End of Q I 2010
General government	778.30	957.54	990.01
<i>Long-term</i>	778.30	957.54	990.01
Bonds and notes	6.35		
Loans	771.95	773.67	811.14
SDR allocations		183.87	178.87
Monetary authorities	166.97	153.33	176.75
<i>Long-term</i>	166.97	153.33	176.75
Loans	166.97	153.33	176.75
Banks	577.99	481.97	423.64
<i>Short-term</i>	265.05	199.69	170.28
Loans	38.70	20.31	20.31
Currency and deposits	226.35	179.38	149.97
<i>Long-term</i>	312.94	282.28	253.36
Loans	312.94	282.28	253.36
Other sectors	1853.01	1994.48	1985.70
<i>Short-term</i>	1111.32	1227.88	1218.65
Loans	30.78	28.30	28.73
Trade credits	606.87	676.07	657.58
Other debt liabilities	473.67	523.51	532.34
Arrears	111.66	149.70	154.89
Other	362.01	373.81	377.45
of which debt for energy resources	360.39	372.19	375.83
<i>Long-term</i>	741.69	766.60	767.05
Loans	741.69	766.60	767.05
Direct investment: intercompany lending	729.81	781.51	785.69
Debt liabilities to direct investors	729.81	781.51	785.69
Arrears	38.31	154.23	155.90
Loans from direct investors	691.50	627.28	629.79
TOTAL	4106.08	4368.83	4361.79

The breakdown of the external debt by institutional sectors was as follows: general government – 22.7%, monetary authorities – 4.1%, banks – 9.7%, other sectors – 45.5%, debt liabilities to foreign direct investors – 18.0% (chart 1).

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

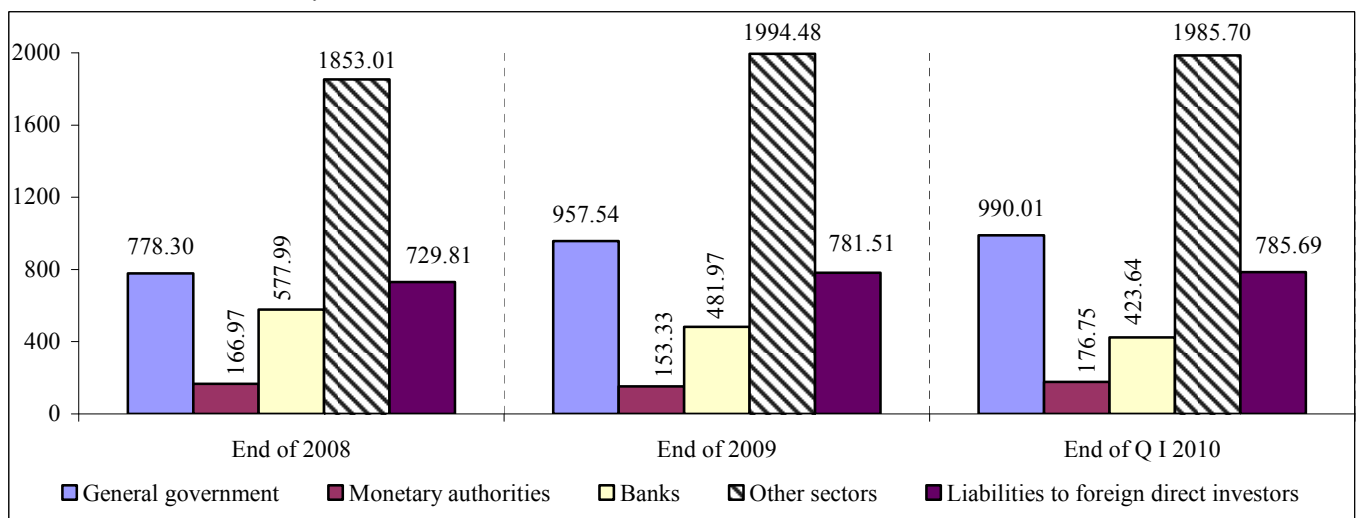
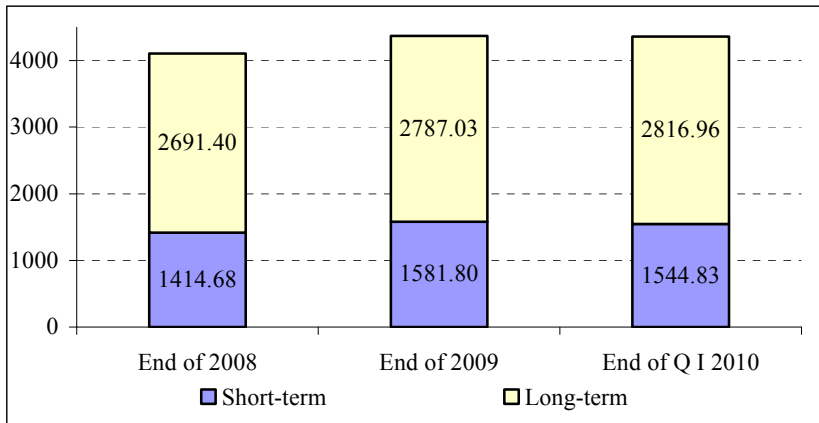


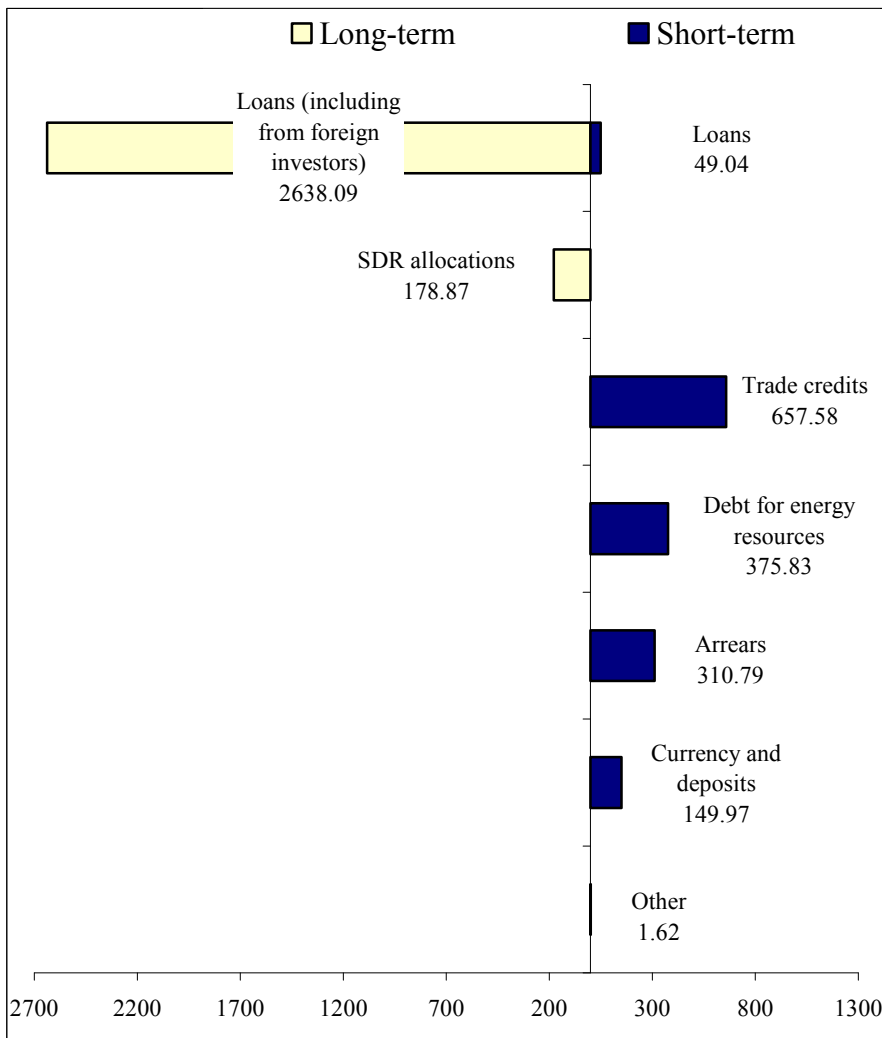
Chart 2. Structure of External Debt by Maturity (US\$ million)



In the first quarter of 2010 the structure of the external debt by maturity did not change considerably (chart 2).

Long-term liabilities increased by 1.1% over the quarter and reached US\$ 2816.96 million, while short-term liabilities diminished by 2.3% amounting to US\$ 1544.83 million.

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



The structure of the external debt by type of liability as of March 31, 2010 is presented in chart 2.

The long-term external debt consists of long-term loans (including loans from foreign direct investors) and of SDR allocations.

The short-term external debt includes:

- short-term loans;
- trade credits (primarily consisting of advance payments received from non-residents);
- accumulated debt for the imports of energy resources;
- arrears (outstanding liabilities on the debt service on both long-term and short-term loans, including loans from foreign investors);
- non-residents' deposits (transferable and other deposits) with authorized banks of the Republic of Moldova;
- other external liabilities not specified above.

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

	End of 2008	End of 2009	End of Q I 2010
Public and publicly guaranteed debt	957.36	1139.75	1196.26
<i>Short-term</i>	<i>0.02</i>	<i>0.02</i>	<i>0.02</i>
Arrears	0.02	0.02	0.02
of which: debt of public corporations	0.02	0.02	0.02
<i>Long-term</i>	<i>957.34</i>	<i>1139.73</i>	<i>1196.24</i>
Bonds and notes	6.35		
Loans	950.99	955.86	1017.37
of which: debt of public corporations	1.14	20.43	21.67
SDR allocations from the IMF		183.87	178.87
Non-guaranteed private debt	3148.72	3229.08	3165.53
<i>Short-term</i>	<i>1376.35</i>	<i>1427.55</i>	<i>1388.91</i>
Loans	69.48	48.61	49.04
Currency and deposits	226.35	179.38	149.97
Trade credits	606.87	676.07	657.58
Arrears	111.64	149.68	154.87
Other	362.01	373.81	377.45
<i>Long-term</i>	<i>1042.56</i>	<i>1020.02</i>	<i>990.93</i>
Loans	1042.56	1020.02	990.93
Direct investment: intercompany lending	729.81	781.51	785.69
Debt liabilities to direct investors	729.81	781.51	785.69
Loans from direct investors	691.5	627.28	629.79
Arrears	38.31	154.23	155.90
Total	4106.08	4368.83	4361.79

The stock of *public and publicly guaranteed external debt* (table 2) increased over the first quarter by 5.0%, amounting to US\$ 1196.26 million as of March 31, 2010. The growth was due to new drawings on loans.

The stock of *non-guaranteed private external debt* amounted to US\$ 3165.53 million, decreasing by 2.0%.

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

	End of 2008	End of 2009	End of Q I 2010
Monetary authorities	166.97	153.33	176.75
Loans (from the IMF)	166.97	153.33	176.75
Governmental debt	778.30	773.67	811.14
<i>Direct governmental debt</i>	<i>762.77</i>	<i>760.37</i>	<i>798.96</i>
Loans	756.42	760.37	798.96
Debt securities	6.35		
<i>Publicly guaranteed assumed debt</i>	<i>15.53</i>	<i>13.30</i>	<i>12.18</i>
Other sectors	15.53	13.30	12.18
Loans	15.53	13.30	12.18
Debt of public corporations	1.16	20.45	21.69
Other sectors	1.16	20.45	21.69
Loans	1.14	20.43	21.67
Arrears on loans	0.02	0.02	0.02
Private debt guaranteed by the government	10.93	8.43	7.81
Other sectors	10.93	8.43	7.81
Loans	10.93	8.43	7.81
Non-guaranteed private debt	1953.49	1999.82	1980.53
Banks	351.64	302.59	273.67
Loans	351.64	302.59	273.67
Other sectors	1601.85	1697.23	1706.86
Loans (including from direct investors)	1451.90	1393.32	1396.09
Arrears (including on loans from direct investors)	149.95	303.91	310.77
TOTAL	2910.85	2955.70	2997.92

Note: The governmental debt is shown without SDR allocations from the IMF.

The external liabilities in the form of *loans and debt securities* (table 3) totaled US\$ 2997.92 million, of which the private sector (including debt guaranteed by the government and serviced by the private sector) accounted for 66.3%, and the public sector – for 33.7% (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).

Details concerning the external loans stock build-up are shown in table 4.

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

	End of 2009	Drawings	Actual repayments of principal	Interest arrears	Exchange rate changes	End of Q I 2010
Monetary authorities	153.33	31.08	-2.85		-4.81	176.75
loans from the IMF	153.33	31.08	-2.85		-4.81	176.75
Direct governmental debt	760.37	69.27	-14.87		-15.81	798.96
multilateral loans	504.53	8.18	-8.37		-13.20	491.14
bilateral loans	255.84	0.06	-6.50		-2.36	247.04
loans from the IMF		61.03			-0.25	60.78
Publicly guaranteed assumed debt	13.30		-0.34		-0.78	12.18
from other creditors	13.30		-0.34		-0.78	12.18
Debt of public corporations	20.45	2.72	-0.91		-0.57	21.69
multilateral loans	9.31				-0.55	8.76
from other creditors	11.14	2.72	-0.91		-0.02	12.93
Publicly guaranteed private debt	8.43		-0.61		-0.01	7.81
multilateral loans	8.43		-0.61		-0.01	7.81
Non-guaranteed private debt	1999.82	119.32	-102.10	1.22	-37.73	1980.53
multilateral loans	141.87	37.60	-8.10	0.06	-5.14	166.29
from other creditors	1857.95	81.72	-94.00	1.16	-32.59	1814.24
TOTAL	2955.70	222.39	-121.68	1.22	-59.71	2997.92

The debt of the NBM accumulated as of March 31, 2010 constituted US\$ 176.75 million, drawings on loans in quarter I, 2010 amounted to US\$ 31.08 million, while reimbursements – to US\$ 2.85 million; the depreciation of the US dollar as against other currencies diminished the stock by US\$ 4.81 million.

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

	End of 2008	End of 2009	End of Q I 2010
Monetary authorities	166.97	153.33	176.75
IMF	166.97	153.33	176.75
Direct governmental debt	762.77	760.37	798.96
<i>Multilateral creditors</i>	480.25	504.53	551.92
IBRD and IDA	436.40	441.16	429.75
EBRD	2.47	1.50	1.01
IFAD	31.65	37.18	37.14
CEB	8.79	12.91	12.15
EIB	0.94	11.78	11.09
IMF			60.78
<i>Bilateral creditors</i>	276.17	255.84	247.04
USA	56.41	53.82	53.82
Japan	26.89	23.50	23.43
Russia	133.51	121.30	115.20
other	59.36	57.22	54.59
<i>Debt securities</i>	6.35		
Publicly guaranteed assumed debt	15.53	13.30	12.18
<i>Other creditors</i>	15.53	13.30	12.18
Debt of public corporations	1.16	20.45	21.69
<i>Multilateral creditors</i>	0.36	9.31	8.76
EBRD	0.36	9.31	8.76
<i>Other creditors</i>	0.80	11.14	12.93
Publicly guaranteed private debt	10.93	8.43	7.81
<i>Multilateral creditors</i>	10.93	8.43	7.81
EBRD	10.93	8.43	7.81
Non-guaranteed private debt	1953.49	1999.82	1980.53
<i>Multilateral creditors</i>	161.26	141.87	166.29
<i>Other creditors</i>	1792.23	1857.95	1814.24
TOTAL	2910.85	2955.70	2997.92

During the first quarter of the current year, the dynamics of public debt was influenced upwards by drawings on new loans in the amount of US\$ 69.27 million, and downwards – by principal reimbursements on previously contracted loans (US\$ 14.87 million) and by the changes in the exchange rate of the US dollar as against other currencies – US\$ 15.81 million.

No new loans were contracted under governmental guarantee, and out of those previously contracted and assumed the government reimbursed US\$ 0.34 million.

The external liabilities of public corporations on loans amounted to US\$ 21.69 million, increasing as a result of new drawings.

Although the drawings made by private economic agents (US\$ 119.32 million) exceeded the

reimbursements (US\$ 102.10 million), the stock of private non-guaranteed debt diminished as of March 31, 2010 to US\$ 1980.53 million, as a result of changes in the exchange rate of the US dollar as against other currencies.

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	2008	2009	Q I 2010
External debt at year-end	US\$ million	4106.08	4368.83	4361.79
Exports of goods and services	US\$ million	2483.17	2004.35	463.81
External debt in the form of loans and debt securities	US\$ million	2910.85	2955.70	2997.92
Public external debt service* (scheduled)	US\$ million	91.34	89.06	24.53
Public external debt service * (effective)	US\$ million	91.26	89.06	24.53
Governmental external debt service** (effective)	US\$ million	54.89	69.58	20.01
Public external debt service * (scheduled) / Exports of goods and services	%	3.7	4.4	5.3
Public external debt service * (effective) /Exports of goods and services	%	3.7	4.4	5.3

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

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