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Statistical yearbook "International accounts of the Republic of Moldova " 2014

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Summary

In 2014, the economy of the Republic of Moldova recorded a lower growth compared to the previous year, the physical volume index of GDP representing 104.6 percent compared to 109.4 in 2013. At the end of the year, the depreciation of the national currency against USD and against EUR in nominal terms was 19.6 percent and 5.7 percent, respectively, compared to the beginning of the year.

The instability amid regional crisis, in particular the economic situation of the main trading partners from CIS, had a negative impact on the external sector, which was more apparent in the second half of 2014. At the same time, the relations with the EU countries have expanded in the reporting year, which was manifested in the growth and diversification of trade flows of goods and services and direct investment flows. According to the BOP data on external trade, the export of the Republic of Moldova to EU countries increased by 17.7 percent compared to the previous year (in particular to Romania, Germany, Italy). Foreign direct investment from EU countries in the equity capital of other sectors increased as well, in particular from Austria, Italy, Cyprus, Netherlands.

As a result of current and capital transactions carried out in 2014 by economic agents, residents of the Republic of Moldova, with the rest of the world, the net borrowing (sum of current account and capital account balances) recorded in the balance of payments amounted to USD 469.81 million (or 5.9 percent to GDP). Trade deficit in goods and services constituted USD 2,931.83 million, which is 36.8 percent of GDP, the situation worsening in the second half of the year. The average propensity of the economy to the export of goods and services in 2014 was 36.8 percent, recording a minimum level of 29.5 percent in the third quarter, while that to import - 73.7 percent annually. The compensation of residents for the work performed for non-resident employers and personal transfers received from abroad during the year were estimated at USD 2,083.61 million (relative to GDP - 26.2 percent), decreasing notably towards the end of the year, registering a decrease by 4.9 percent compared to 2013. The increase in liabilities to foreign direct investors as a result of actual transactions amounted to USD 349.93 million and the increase in foreign direct investment assets was USD 35.49 million. The annual direct investment intensity index totalled 4.8 percent. Over 2014, residents attracted external loans in a net amount of USD 22.50 million, especially in the general government sector (USD 102.8 million net increase) and other sectors (USD 70.20 million, of which net drawings on long-term loans in quarter IV amounted to USD 113.43 million). The decrease in official reserve assets as a result of actual transactions, driven primarily by the sales of foreign currency in the domestic market to support the MDL, recorded a value of USD 538.45 million during the year, of which USD 446.23 million in the fourth quarter.

The need to finance the current account deficit from external sources (which is characterized by financial account value of USD -563.66 million) leads to the accumulation of external debt, which amounted to USD 6,570.25 million at the end of 2014, or 82.5 percent to GDP. Public and publicly guaranteed external debt represented 26.3 percent of the total, amounting to USD 1,731.05 million and falling within conventional norms. Private non-guaranteed external debt exceeded by 2.8 times the volume of public external debt, giving rise to concern. Loans contracted from private non-resident creditors held the largest share in the external debt in the form of loans and SDR allocations, while the loans contracted from international organisations or foreign governments held a share of 43.7 percent (as of the end of 2014). Short-term external debt accounted for 37.1 percent of total gross external debt.

The alarming situation of the external debt is mitigated by the fact that in the structure of external financial liabilities (reflected in the international investment position) long-term liabilities prevail with a share of 63.7 percent. At the end of 2014, foreign direct investment stock accounted for 38.8 percent of total external liabilities.

The international investment position of the Republic of Moldova at the end of 2014 remained net debit and constituted USD 5,598.52 million, decreasing by 4.7 percent since the end of 2013: foreign assets totalling USD 3,711.60 million, down by 8.0 percent since the beginning of the year, and liabilities to non-residents - USD 9,310.12 million, down by 0.8 percent, which reduced the ratio between the stock of external assets and liabilities from 43.0 percent at the end of 2013 to 39.9 percent on 31.12.2014.

See also

Tags
balance of payments [2]
international investment position [3]
external debt [4]
international accounts [5]
current account [6]
investment [7]
