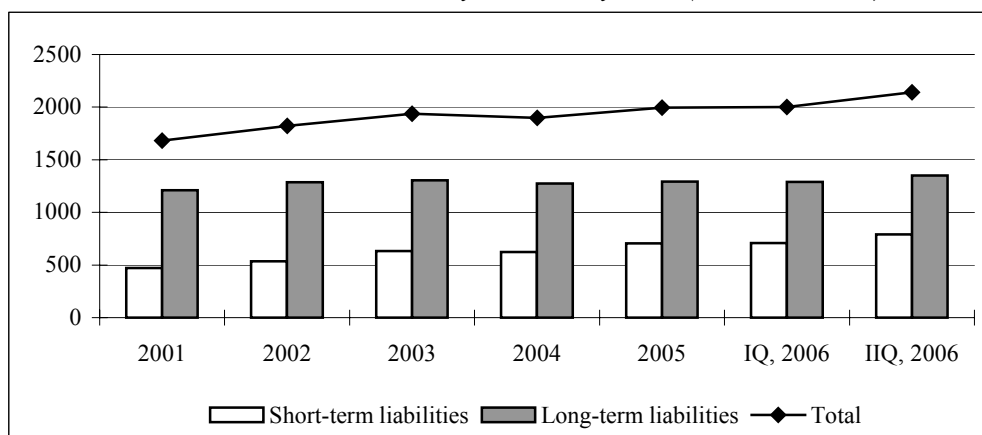


EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

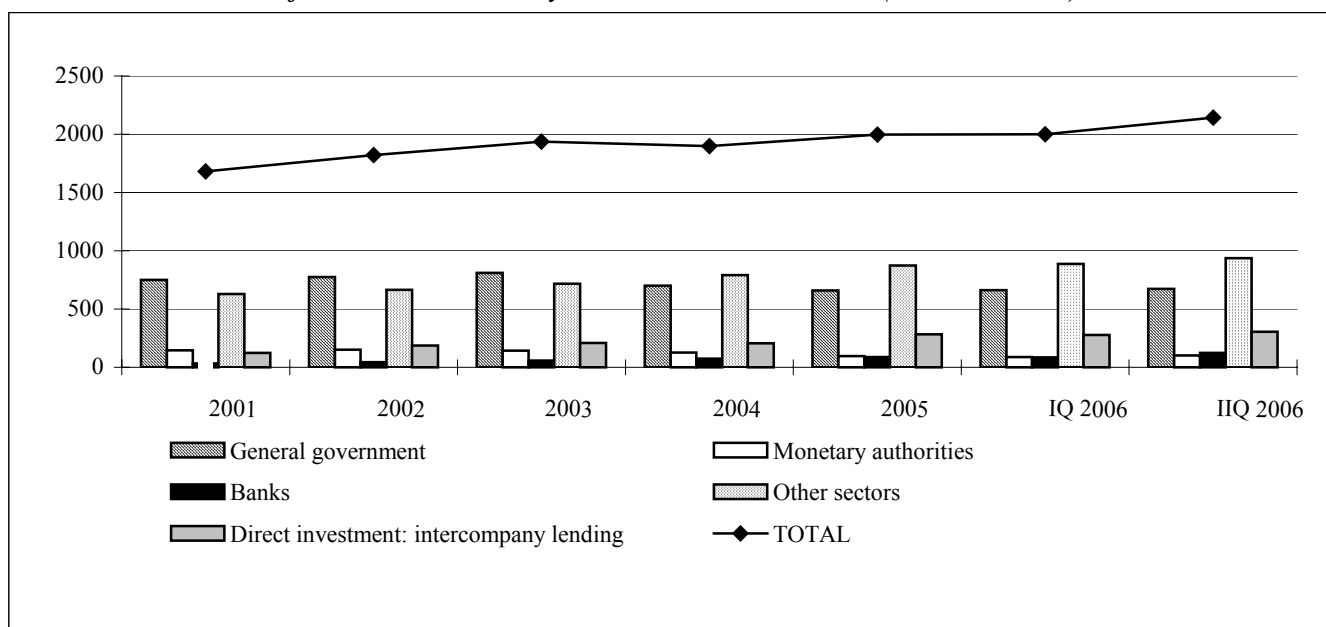
The gross external debt of the Republic of Moldova totalled US\$ 2141.74 million as of June 30, 2006 (7.1% up from the end of first quarter 2006), US\$ 791.69 million of which were the short-term liabilities (chart 1).

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



The structure of the external debt by sector shows that economic agents of other sectors continued to hold the major share in foreign liabilities (43.8%), followed by the governmental sector (31.4%) (chart2).

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



During the second quarter of 2006 both public and publicly guaranteed debt and private non-guaranteed debt registered an increase - 3.2% and 9.6% respectively (table 1).

Table 1. *External Public and Publicly Guaranteed Debt and Non - guaranteed Private Sector Debt*

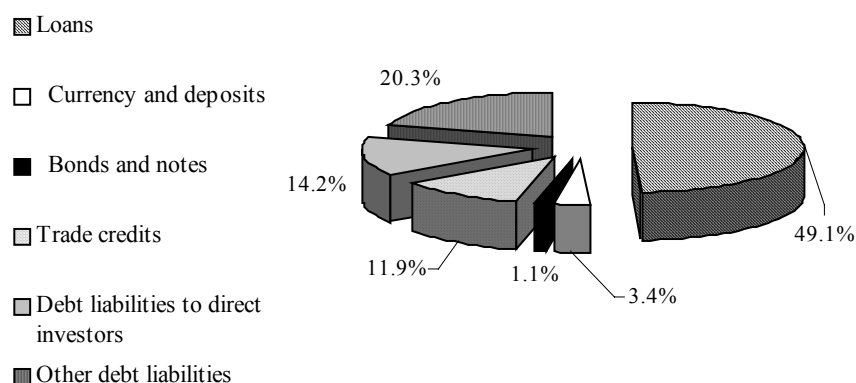
(US\$ million)

	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006	end of IIQ, 2006
Public and Publicly Guaranteed Debt	956.59	987.72	1009.26	880.35	774.54	769.56	793.82
<i>Short-term</i>	<i>12.60</i>	<i>36.81</i>	<i>77.35</i>	<i>30.72</i>	<i>36.75</i>	<i>41.72</i>	<i>44.94</i>
Other debt liabilities*	12.60	36.81	77.35	30.72	36.75	41.72	44.94
Arrears (on principal and interest)	12.60	36.81	77.35	30.72	36.75	41.72	44.94
<i>Long-term</i>	<i>937.08</i>	<i>943.61</i>	<i>924.09</i>	<i>841.53</i>	<i>737.79</i>	<i>727.84</i>	<i>748.88</i>
Bonds and notes	147.40	119.18	94.31	31.76	25.40	25.99	22.22
Loans	789.68	824.43	829.78	809.77	712.39	701.85	726.66
Direct Investment: Intercompany lending	<i>6.91</i>	<i>7.30</i>	<i>7.82</i>	<i>8.10</i>			
Debt liabilities to direct investors	6.91	7.30	7.82	8.10			
Arrears				8.10			
Other	6.91	7.30	7.82				
Nonguaranteed private debt	724.31	833.66	926.84	1017.74	1221.99	1230.18	1347.92
<i>Short-term</i>	<i>442.52</i>	<i>478.76</i>	<i>530.00</i>	<i>572.56</i>	<i>652.30</i>	<i>646.39</i>	<i>725.00</i>
Loans	2.28	0.14	9.44	2.12	1.27	1.00	7.12
Currency and deposits	15.94	19.67	24.57	39.55	50.95	47.92	72.35
Trade credits	97.95	109.43	137.67	175.02	234.41	224.42	255.29
Other debt liabilities *	326.35	349.52	358.32	355.87	365.67	373.05	390.24
Arrears (on principal and interest)	20.96	26.48	34.30	42.60	54.24	60.65	68.20
Other	305.39	323.04	324.02	313.27	311.43	312.40	322.04
<i>Long-term</i>	<i>166.39</i>	<i>176.23</i>	<i>195.51</i>	<i>246.47</i>	<i>285.99</i>	<i>305.14</i>	<i>318.26</i>
Loans	166.39	176.23	195.51	246.47	285.99	305.14	318.26
<i>Direct investment: Intercompany lending</i>	<i>115.40</i>	<i>178.67</i>	<i>201.33</i>	<i>198.71</i>	<i>283.70</i>	<i>278.65</i>	<i>304.66</i>
Debt liabilities to direct investors	115.40	178.67	201.33	198.71	283.70	278.65	304.66
of which arrears*	15.28	20.21	23.96	12.59	16.19	20.87	21.75
Total	1680.90	1821.38	1936.10	1898.09	1996.53	1999.74	2141.74

* correspond to other liabilities in international investment position

Loans continued to hold the largest share in external liabilities (49.1% of the total external debt) (chart 3).

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



The stock of external liabilities in the form of loans and debt securities including arrears on their service increased by 5.4%, constituting US\$ 1492.06 million as a result of net inflows in the amount of US\$ 63.61 million. The increase was also determined by accumulations of net interest arrears (US\$ 1.07 million), and by the exchange rate changes of US dollar against other contractual currencies (US\$ 12.97 million USD) (table 2 and 4).

Table 2. *Stock of External Liabilities in the Form of Loans and Debt Securities**

(US\$ million)

	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006	end of IIQ, 2006
Monetary authorities	146.15	151.41	142.05	125.94	95.44	87.05	102.71
Loans (from the IMF)	146.15	151.41	142.05	125.94	95.44	87.05	102.71
Direct governmental debt	723.71	747.07	780.82	671.58	634.27	638.75	647.23
Loans	567.56	596.51	617.98	621.64	575.73	574.98	584.84
Arrears on loans	2.00	0.39	14.64	18.18	33.14	37.78	40.17
Debt securities	147.40	119.18	94.31	31.76	25.40	25.99	22.22
Arrears on debt securities	6.75	30.99	53.89				
Private debt guaranteed by the government **	86.73	89.24	86.40	82.82	44.84	43.75	43.88
Banks	7.59	3.17	0.80			0.00	0.00
Loans	7.59	3.17	0.80				
Other sectors	79.14	86.07	85.60	82.82	44.84	43.75	43.88
Loans	75.29	80.64	76.77	62.19	41.22	39.81	39.11
Arrears on loans	3.85	5.43	8.83	20.63	3.62	3.94	4.77
Private debt non-guaranteed by the government	305.03	381.52	440.58	489.90	625.20	645.45	698.24
Banks	8.75	20.34	32.21	34.81	35.72	36.86	40.13
Loans	8.75	20.34	32.21	34.81	35.72	36.86	40.13
Other sectors	296.28	361.18	408.37	455.09	589.48	608.59	658.11
Loans	260.04	314.49	350.11	399.90	519.05	527.07	568.16
Arrears on loans	36.24	46.69	58.26	55.19	70.43	81.52	89.95
Total	1261.62	1369.24	1449.85	1370.24	1399.75	1415.00	1492.06

* including arrears on principal and on interest

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

The international financial organizations remained the main creditors of Moldova holding 40.6% in the external debt (table 3).

Table 3. *External Debt in the Form of Loans and Debt Securities by Creditors**

(US\$ million)

	end of 2001	end of 2002	end of 2003	end of 2004	end of 2005	end of IQ, 2006	end of IIQ, 2006
Monetary authorities	146.15	151.41	142.05	125.94	95.44	87.05	102.71
IMF	146.15	151.41	142.05	125.94	95.44	87.05	102.71
Direct governmental debt	723.71	747.07	780.82	671.58	634.27	638.75	647.23
Multilateral creditors	344.37	377.22	405.01	413.26	387.79	390.05	400.71
IBRD and IDA	293.80	330.87	364.74	385.76	370.60	371.26	380.77
EBRD	9.26	8.29	7.32	6.35	5.37	4.88	4.88
EU	40.53	35.41	27.50	13.61	3.55	3.62	3.76
IFAD	0.78	2.65	5.45	7.54	8.27	8.84	9.80
BDCE						1.45	1.50
Bilateral creditors	212.83	207.33	217.37	226.56	221.08	222.71	224.30
USA	59.40	57.10	58.10	58.10	58.10	58.10	58.10
Japan	23.60	23.86	25.96	27.31	24.06	24.16	24.34
Russia	91.68	91.68	95.02	98.30	98.30	98.30	98.30
other	38.15	34.69	38.29	42.85	40.62	42.15	43.56
Other creditors	12.36	12.35	10.24				

<i>Debt securities</i>	154.15	150.17	148.20	31.76	25.40	25.99	22.22
Private debt guaranteed by the government**	86.73	89.24	86.40	82.82	44.84	43.75	43.88
<i>Multilateral creditors</i>	68.27	67.64	60.86	54.69	20.88	19.76	19.01
EBRD	68.27	67.64	60.86	54.69	20.88	19.76	19.01
<i>Other creditors</i>	18.46	21.60	25.54	28.13	23.96	23.99	24.87
Private debt nonguaranteed by the government	305.03	381.52	440.58	489.90	625.20	645.45	698.24
<i>Multilateral creditors</i>	47.27	79.33	78.23	91.18	82.03	81.72	82.78
<i>Other creditors</i>	257.76	302.19	362.35	398.72	543.17	563.73	615.46
Total	1261.62	1369.24	1449.85	1370.24	1399.75	1415.00	1492.06

*including arrears on principal and on interest

**including loans serviced by the debtor and loans serviced by the guarantor

The NBM received from the IMF a tranche in the amount of US\$ 17.03 million under a new financing program. Reimbursements of monetary authorities sector constituted US\$ 2.75 million. Thus, by the end of the second quarter the stock of NBM' liabilities reached US\$ 102.71 million (table 4).

The direct governmental debt increased by US\$ 8.48 million. The governmental sector benefited from new borrowings in the amount of US\$ 5.70 million. Real principal payments constituted US\$ 5.30 million against scheduled US\$ 7.25 million. Arrears in the amount of US\$ 1.95 million on principal and US\$0.3 million on interest were accumulated on bilateral loans (table 4). The BOP entries on the above mentioned arrears will be revised after the conclusion of negotiations with each creditor in part according to the agreement of Paris Club from May 12, 2006.

The private sector's external liabilities under the guarantee of the Government registered a slight increase by the end of the second quarter of 2006 due to the exchange rate fluctuation of EURO against US dollar (table 4).

The private sector benefited from new borrowings in the amount of US\$ 79.43 million. The actual payments of principal constituted US\$29.70 million against US\$ 37.38 million scheduled. The net interest arrears increased the external liabilities of other sectors by US\$ 0.77 million (table 4).

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

	Stock at the end of IQ, 2006	Drawings **	Principal repayments	Accumulation of interest arrears (net)	Other adjustments	Exchange rate changes	Stock at the end of IIQ, 2006
IMF loans	87.05	17.03	-2.75			1.38	102.71
Direct governmental debt	638.75	5.70	-5.30	0.30	-0.59	8.37	647.23
<i>multilateral creditors</i>	390.05	5.48	-2.12			7.30	400.71
<i>bilateral creditors</i>	222.71	0.22		0.30		1.07	224.30
<i>long-term governmental bonds</i>	25.99		-3.18		-0.59		22.22
Private debt guaranteed by the government	43.75		-0.80			0.93	43.88
<i>multilateral creditors</i>	19.76		-0.80			0.05	19.01
<i>other creditors</i>	23.99					0.88	24.87
Private debt non-guaranteed by the government	645.45	79.43	-29.70	0.77		2.29	698.24
<i>multilateral creditors</i>	81.72	6.96	-6.35	0.03		0.42	82.78
<i>other creditors</i>	563.73	72.47	-23.35	0.74		1.87	615.46
Total	1415.00	102.16	-38.55	1.07	-0.59	12.97	1492.06

* including arrears on principal and on interest

** excluding rescheduled and reclassified amounts

Table 6. *Macroeconomic Indices of External Indebtedness of Moldova*

	UM	2001	2002	2003	2004	2005	IQ, 2006	IIQ, 2006
External debt at end of the period	US\$ mil.	1680.90	1821.38	1936.10	1898.09	1996.53	1999.74	2141.74
Exports of goods and services	US\$ mil.	735.54	876.36	1058.65	1348.57	1528.33	351.02	346.62
External debt in the form of loans and debt securities	US\$ mil.	1261.62	1369.24	1449.85	1370.24	1399.75	1415.00	1492.06
Public external debt service* (schedule)	US\$ mil.	98.78	120.79	129.62	111.48	99.65	28.04	16.63
Public external debt service * (effective)	US\$ mil.	116.50	94.07	89.40	136.26	87.36	23.50	13.22
Governmental external debt service** (effective)	US\$ mil.	86.58	59.49	52.44	103.53	52.41	12.31	8.60
Public external debt service * (schedule) / Exports of goods and services	%	13.4	13.8	12.2	8.3	6.5	8.0	4.8
Public external debt service * (effective) /Exports of goods and services	%	15.8	10.7	8.4	10.1	5.7	6.7	3.8

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

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