

EXTERNAL DEBT OF THE REPUBLIC OF MOLDOVA

The gross external debt of Moldova totalled US\$ 4125.47 million at the end of 2008.

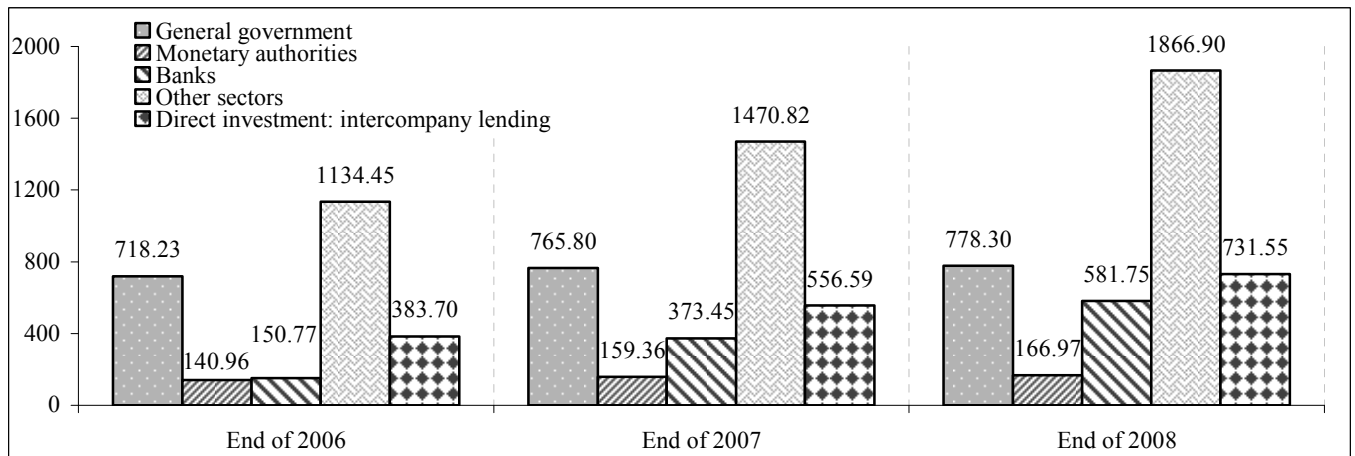
Table 1. *Gross External Debt by Sector (US\$ million)*

	End of 2006	End of 2007	End of 2008
General Government	718.23	765.80	778.30
<i>Short-term</i>	0.13		
Other debt liabilities	0.13		
Arrears	0.13		
<i>Long-term</i>	718.10	765.80	778.30
Bonds and notes	19.04	12.69	6.35
Loans	699.06	753.11	771.95
Monetary authorities	140.96	159.36	166.97
<i>Long-term</i>	140.96	159.36	166.97
Loans	140.96	159.36	166.97
Banks	150.77	373.45	581.75
<i>Short-term</i>	106.78	207.24	273.74
Loans		18.45	46.70
Currency and deposits	106.78	178.49	227.04
Other debt liabilities		10.30	
<i>Long-term</i>	43.99	166.21	308.01
Loans	43.99	166.21	308.01
Other Sectors	1134.45	1470.82	1866.90
<i>Short-term</i>	789.14	949.32	1155.51
Loans	8.60	11.07	25.61
Trade credits	387.41	501.73	628.13
Other debt liabilities	393.13	436.52	501.77
Arrears	68.84	89.80	137.82
Other	324.29	346.72	363.95
of which debt for imports of energy resources	319.74	345.10	362.33
<i>Long-term</i>	345.31	521.50	711.39
Loans	345.31	521.50	711.39
Direct Investment: Intercompany lending	383.70	556.59	731.55
Debt liabilities to direct investors	383.70	556.59	731.55
Arrears	22.47	30.16	42.42
Other	361.23	526.43	689.13
TOTAL	2528.11	3326.02	4125.47

Note: data for 2007 have been revised.

Economic agents of other sectors had the major share in foreign liabilities within the structure of the external debt by sector – 45.3% (chart 1).

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

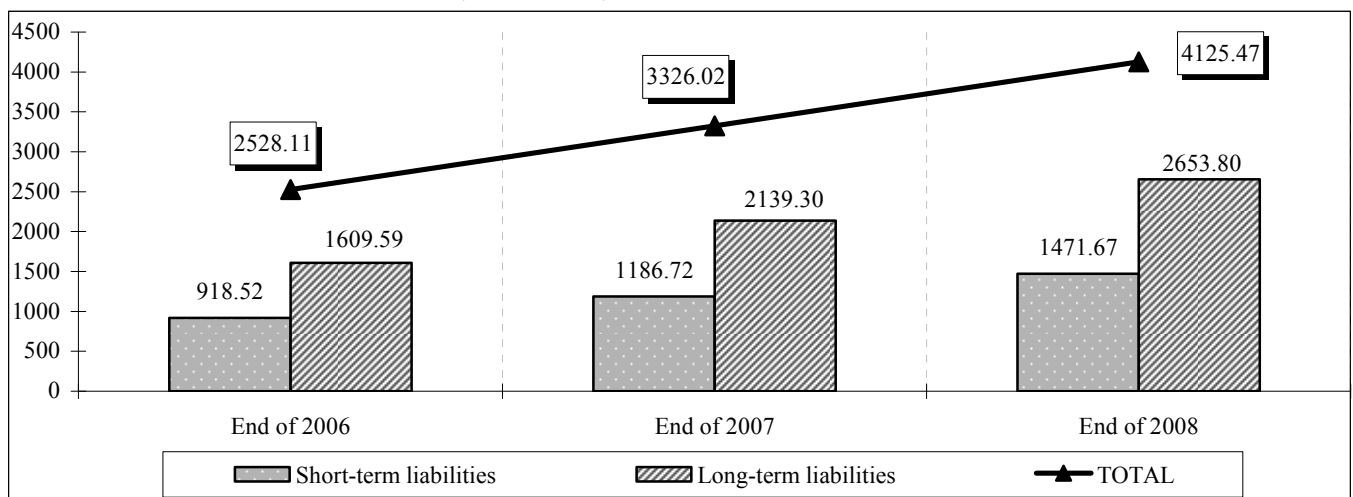


The debt of the National Bank of Moldova to the IMF increased 4.8% as a result of drawings on two loan tranches of US\$ 37.56 million under the Poverty Reduction and Growth Facility. US\$ 25.43 million was reimbursed on previous loans, and the fluctuation of the exchange rates of original currencies against the US dollar diminished the stock by US\$ 4.52 million.

The growth in the external liabilities of the banking sector in 2008 from US\$ 373.45 million to US\$ 581.75 million (that is, by 55.8%) was due to drawings on new loans under the credit lines from international financial institutions, from foreign affiliated banks, as well as due to the growth in nonresidents' deposits.

Short-term liabilities constituted 35.7% of total (chart 2).

Chart 2. *Gross External Debt by Maturity (US\$ million)*



Short-term external debt includes: trade credits (advance payments received for the subsequent exports of goods and services and postponed payments for imports already delivered), short-term loans plus arrears on external debt service (outstanding liabilities), and nonresidents' deposits.

In the total short-term debt (US\$ 1471.67 million) trade credits in the form of postponed payments for imports accounted for 16.5%, in the form of advance payments received for subsequent exports – 21.8%, short-term loans and accumulated arrears on external loans service (including arrears on loans from affiliated creditors) – 17.2%, the historical debt for energy resources imports – 24.6%, nonresidents' deposits (both demand and time deposits) – 15.4%.

In 2008, the stock of public and publicly guaranteed external debt increased 1.4% and amounted to US\$ 957.05 million. Non-guaranteed private external debt totalled US\$ 3168.42 million, increasing 33.0% as compared to the end of 2007 (table 2).

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

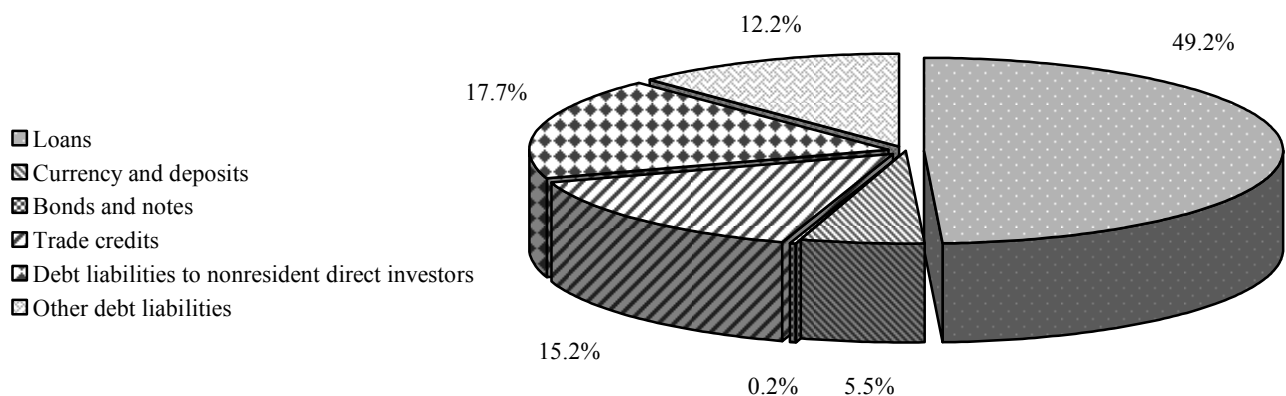
	End of 2006	End of 2007	End of 2008
Public and Publicly Guaranteed Debt	876.38	943.99	957.05
<i>Short-term</i>	<i>0.13</i>	<i>0.04</i>	<i>0.12</i>
Other debt liabilities	0.13	0.04	0.12
Arrears (on principal and interest)	0.13	0.04	0.12
of which: debt of public corporations*		0.04	0.12
<i>Long-term</i>	<i>876.25</i>	<i>943.95</i>	<i>956.93</i>
Bonds and notes	19.04	12.69	6.35
Loans	857.21	931.26	950.58
of which: debt of public corporations		5.29	0.73
Non-guaranteed Private Debt	1651.73	2382.03	3168.42
<i>Short-term</i>	<i>895.92</i>	<i>1156.51</i>	<i>1429.12</i>
Loans	8.60	29.52	72.31
Currency and deposits	106.78	178.49	227.04
Trade credits	387.41	501.73	628.13
Other debt liabilities	393.13	446.77	501.64
Arrears (on principal and interest)	68.84	89.75	137.69
Other	324.29	357.02	363.95
<i>Long-term</i>	<i>372.11</i>	<i>668.93</i>	<i>1007.75</i>
Loans	372.11	668.93	1007.75
<i>Direct investment: intercompany lending</i>	<i>383.70</i>	<i>556.59</i>	<i>731.55</i>
Debt liabilities to direct investors	383.70	556.59	731.55
Arrears	22.47	30.16	42.42
Other	361.23	526.43	689.13
Total	2528.11	3326.02	4125.47

*reclassification

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).

Loans continued to hold the largest share of external liabilities – 49.2% (chart 3).

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



The external liabilities in the form of loans and debt securities (table 3) amounted to US\$ 2906.35 million and had the following structure: 67.4% – private debt (including private debt guaranteed by the government), and 32.6% – public debt (including the debt of the NBM, direct governmental debt and the debt assumed by the government as a result of guarantee activation, as well as the debt of public corporations).

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

	End of 2006	End of 2007	End of 2008
Monetary authorities	140.96	159.36	166.97
Loans (from the IMF)	140.96	159.36	166.97
Governmental debt	718.23	765.80	778.30
<i>Direct governmental debt</i>	<i>698.40</i>	<i>747.22</i>	<i>762.77</i>
Loans	679.36	734.53	756.42
Debt securities	19.04	12.69	6.35
<i>Publicly guaranteed assumed debt**</i>	<i>19.83</i>	<i>18.58</i>	<i>15.53</i>
Other sectors	19.83	18.58	15.53
Loans	19.70	18.58	15.53
Arrears on loans	0.13		
Debt of public corporations	-	5.33	0.85
Banks	-	0.59	
Loans	-	0.59	
Other sectors	-	4.74	0.85
Loans	-	4.70	0.73
Arrears on loans	-	0.04	0.12
Publicly guaranteed private debt***	17.19	13.50	10.93
Other sectors	17.19	13.50	10.93
Loans	17.19	13.50	10.93
Private debt non-guaranteed by the government	833.25	1344.79	1949.30
Banks	43.99	184.07	354.71
Loans	43.99	184.07	354.71
Other sectors	789.26	1160.72	1594.59
Loans	697.95	1040.80	1414.48
Arrears on loans	91.31	119.92	180.11
TOTAL	1709.63	2288.78	2906.35

* including arrears on principal and interest; ** loans under the guarantee of the government serviced by the government

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

The stock of the external governmental debt increased by US\$ 12.50 million or by 1.6%: the direct governmental debt increased 2.1%, the assumed publicly guaranteed debt declined by 16.4%. The dynamics of the governmental debt was determined by drawings on loans in an amount of US\$ 43.30 million, reimbursement of principal on loans and debt securities – US\$ 39.32 million, accumulation of interest to be rescheduled – US\$ 9.78 million (according to the conditions of rescheduling negotiated with the Paris Club), and the fluctuation of the exchange rates of original currencies against the US dollar.

No new loans were contracted under governmental guarantee. Economic agents reimbursed US\$ 2.55 million from previously contracted loans.

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

	Stock at the end of 2007	Drawings **	Real principal repayments	Accumulation of interest arrears	Other adjustments	Exchange rate changes	Stock at the end of 2008
IMF loans	159.36	37.56	-25.43			-4.52	166.97
Direct governmental debt	747.22	43.30	-39.32		12.22	-0.65	762.77
multilateral creditors	461.65	43.22	-19.96			-4.67	480.24
bilateral creditors	272.88	0.08	-13.02		12.22	4.02	276.18
long-term governmental bonds	12.69		-6.34				6.35
Publicly guaranteed assumed debt	18.58				-2.44	-0.61	15.53
other creditors	18.58				-2.44	-0.61	15.53
Publicly guaranteed debt	13.50		-2.55			-0.02	10.93
multilateral creditors	13.50		-2.55			-0.02	10.93
Debt non-guaranteed by the government	1350.12	1044.06	-422.56	9.43		-30.90	1950.15
multilateral creditors	100.02	111.18	-29.19	0.82		-16.15	166.68
other creditors	1250.10	932.88	-393.37	8.61		-14.75	1783.47
Total	2288.78	1124.92	-489.86	9.43	9.78	-36.70	2906.35

* including arrears on principal and on interest

** excluding rescheduled and reclassified amounts

New loans in an amount of US\$ 1044.06 million were received by the private sector, while US\$ 422.56 million was repaid as reimbursement of principal.

The main creditors of the Republic of Moldova are specified in table 5. It should be pointed out that the share of international organizations is constantly declining, so it constituted 28.4% of the total liabilities on external loans and debt securities accumulated at the end of 2008 (32.1% – at the end of 2007 and 38.1% – at the end of 2006).

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

	End of 2006	End of 2007	End of 2008
Monetary authorities	140.96	159.36	166.97
IMF	140.96	159.36	166.97
Direct governmental debt	698.4	747.22	762.77
<i>Multilateral creditors</i>	<i>412.65</i>	<i>461.65</i>	<i>480.24</i>
IBRD and IDA	393.37	434.49	436.40
EBRD	4.41	3.44	2.47
IFAD	12.24	19.31	31.64
CEB	2.63	4.41	8.79
EIB			0.94
<i>Bilateral creditors</i>	<i>266.71</i>	<i>272.88</i>	<i>276.18</i>
USA	56.99	56.74	56.41
Japan	22.26	22.51	26.89
Russia	137.31	135.84	133.51
Other	50.15	57.79	59.37
<i>Debt securities</i>	<i>19.04</i>	<i>12.69</i>	<i>6.35</i>
Publicly guaranteed assumed debt**	19.83	18.58	15.53
<i>Multilateral creditors</i>	<i>0.13</i>		
EBRD	0.13		
<i>Other creditors</i>	<i>19.70</i>	<i>18.58</i>	<i>15.53</i>
Debt of public corporations		5.33	0.85
<i>Other creditors</i>		<i>5.33</i>	<i>0.85</i>
Publicly guaranteed private debt ***	17.19	13.50	10.93
<i>Multilateral creditors</i>	<i>17.19</i>	<i>13.50</i>	<i>10.93</i>
EBRD	17.19	13.50	10.93
Private debt non-guaranteed by the government	833.25	1344.79	1949.30
Multilateral creditors	79.63	100.02	166.68
Other creditors	753.62	1244.77	1782.62
TOTAL	1709.63	2288.78	2906.35

* including arrears on principal and interest

** loans under the guarantee of the government serviced by the government

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

The indices of external indebtedness of the domestic economy are given in table 6.

Table 6. *Indices of External Indebtedness*

	UM	2006	2007	2008
External debt at year-end	US\$ million	2528.11	3326.02	4125.47
Exports of goods and services	US\$ million	1547.31	2018.18	2496.45
External debt in the form of loans and debt securities	US\$ million	1709.63	2288.78	2906.35
Public external debt service* (scheduled)	US\$ million	123.76	92.69 [#]	91.33 [#]
Public external debt service * (effective)	US\$ million	98.16	92.75 [#]	91.25 [#]
Governmental external debt service** (effective)	US\$ million	66.45	53.16	54.89
Public external debt service * (scheduled) / Exports of goods and services	%	8.0	4.6	3.7
Public external debt service * (effective) / Exports of goods and services	%	6.3	4.6	3.7

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

** including payments by the government on guaranteed loans

including the service of public corporations' loans since 09.09.2007