VI. THE EXTERNAL ECONOMY

India's balance of payments position has continued to remain comfortable during 2006-07 so far. Merchandise exports recorded strong growth during April-September 2006, *albeit* lower than last year. Growth in non-oil imports registered a sharp deceleration, partly on account of the decline in imports of gold and silver. Imports of capital goods increased on the back of investment demand although they also witnessed some deceleration on a high base. Oil imports remained large in view of further hardening of international crude oil prices. The surplus on the invisibles account remained buoyant during the first quarter of 2006-07, led by exports of software and other business services, and private remittances, and financed two-thirds of the trade deficit. The current account deficit during the first quarter of 2006-07 widened from a year ago, reflecting higher trade deficit. The higher current account deficit was easily financed by capital flows which have remained large during 2006-07 so far. Foreign exchange reserves have increased by US $ 14.5 billion during 2006-07 (up to October 20, 2006).

International Developments

Global economic growth remained robust in the first half of 2006 and became more balanced across the countries. The OECD countries recorded growth of over three per cent in each of the first two quarters of 2006, notably higher than that of 2.4-2.5 per cent in the corresponding period of 2005. Growth was particularly strong in the US in the first quarter. It moderated in the second quarter and is expected to slow further in the second half of 2006 in the face of headwinds from a cooling housing market. In the euro area, the expansion gathered further momentum; the Japanese economy also continued to expand. Emerging market economies continued to exhibit buoyant growth led by China where growth has accelerated even further, remaining well above earlier projections (Table 43). The International Monetary Fund (IMF) projects the world economic growth (using exchange rates based on purchasing power parities) to accelerate from 4.9 per cent in 2005 to 5.1 per cent in 2006; growth is projected to decelerate marginally to 4.9 per cent in 2007, but will still be above the long-run average. There are, however, a number of downside risks to the growth prospects emanating from crude oil prices, large global macroeconomic imbalances and growing protectionism.

Cross-border net private capital flows to emerging and developing economies during 2006 are expected to remain substantial mainly on account of higher direct investment flows attributable to privatisations and cross-border

Table 43: Growth Rates – Global Scenario

(Per cent)

Country	2004	2005	2006P	2007P	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2006 Q2
1	2	3	4	5	6	7	8	9	10	11
Advanced Economies										
Euro Area	2.1	1.3	2.4	2.0	1.5	1.5	1.6	1.7	1.9	2.4
Japan	2.3	2.6	2.7	2.1	1.4	2.6	2.8	3.7	3.6	2.5
Korea	4.7	4.0	5.0	4.3	2.7	3.2	4.5	5.3	6.1	5.3
UK	3.3	1.9	2.7	2.7	1.9	1.7	1.9	1.8	2.2	2.6
US	3.9	3.2	3.4	2.9	3.3	3.1	3.4	3.1	3.7	3.5
OECD Countries	3.2	2.6	3.1	2.9	2.4	2.5	2.8	2.9	3.3	3.1
Emerging Economies										
Argentina	9.0	9.2	8.0	6.0	8.0	10.1	9.2	9.1	8.6	7.9
Brazil	4.9	2.3	3.6	4.0	2.6	3.8	0.7	1.3	3.0	1.2
China	10.1	10.2	10.0	10.0	9.4	9.5	9.4	9.9	10.2	11.3
India	7.5 *	8.4 #	8.3	7.3	8.6	8.5	8.4	7.5	9.3	8.9
Indonesia	5.1	5.6	5.2	6.0	6.3	5.6	5.6	4.9	4.7	5.2
Malaysia	7.2	5.2	5.5	5.8	5.7	4.1	5.3	5.2	5.5	5.9
Russia	7.2	6.4	6.5	6.5	5.0	5.7	6.6	7.9	5.4	7.4
Thailand	6.2	4.5	4.5	5.0	3.2	4.6	5.4	4.7	6.1	4.9

* : FY 2004-05   # : FY 2005-06.   P : IMF Projections.

Source : International Monetary Fund; The Economist; and the OECD.

mergers and acquisitions, partly offset by outflows under portfolio investment (Table 44).

World trade has continued to expand at a fairly robust pace during 2006 so far, although the pace of expansion recorded some deceleration. During January-June 2006, growth in the exports of developing countries (16.5 per cent) remained higher than that in exports of industrial countries (10.0 per cent) (Table 45).

Table 44: Select Economic Indicators – World

Item	2001	2002	2003	2004	2005	2006 P	2007 P
1	2	3	4	5	6	7	8
I. World Output (Per cent change) #	2.6	3.1	4.1	5.3	4.9	5.1	4.9
	(1.5)	(1.8)	(2.7)	(3.9)	(3.4)	(3.8)	(3.5)
i) Advanced economies	1.2	1.5	1.9	3.2	2.6	3.1	2.7
ii) Other emerging market and developing countries	4.4	5.1	6.7	7.7	7.4	7.3	7.2
of which: Developing Asia	6.1	7.0	8.4	8.8	9.0	8.7	8.6
II. Net Capital Flows* (US $ billion)							
i) Net private capital flows (a+b+c)	64.6	77.3	165.6	205.9	238.5	211.4	182.2
a) Net private direct investment	179.4	150.6	159.1	176.9	255.9	263.3	246.1
b) Net private portfolio investment	-78.2	-91.7	-10.9	13.9	3.2	-31.1	-4.6
c) Net other private capital flows	-36.6	18.4	17.3	15.1	-20.6	-20.8	-59.2
ii) Net official flows	-3.3	-4.3	-53.1	-64.7	-151.8	-238.7	-174.1
III. World Trade @							
i) Volume	–	3.4	5.3	10.6	7.4	8.9	7.6
ii) Price Deflator (in US dollars)	-3.2	1.2	10.5	9.7	5.4	4.6	2.2

P : IMF Projections.

\# : Growth rates are based on exchange rates at purchasing power parities. Figures in parentheses are growth rates at market exchange rates.

* : Net capital flows to Emerging Market and Developing Countries.

@ : Average of annual percentage change for world exports and imports of goods and services.

Source : World Economic Outlook, IMF, September 2006.

Table 45: Growth in Exports – Global Scenario

(Per cent)

Region/Country	2005	2005	2006
		January-July	
1	2	3	4
World	**13.9**	**16.0 ***	**12.7 ***
Industrial Countries	**8.5**	**11.1 ***	**10.0 ***
USA	10.8	10.4	13.9
France	3.5	7.0	9.0
Germany	7.3	9.2	9.5
Japan	5.2	6.3 *	8.3 *
Developing Countries	**21.8**	**23.4 ***	**16.5 ***
Non-Oil Developing Countries	**19.1**	**20.9 ***	**18.4 ***
China	28.4	32.6 *	25.2 *
India	29.9	33.6 @	20.3 @
Indonesia	18.2	23.8	16.2
Korea	12.0	10.7	13.5
Malaysia	12.0	10.7	14.7
Singapore	15.6	27.2 #	21.6 #
Thailand	14.4	13.0	19.1

* : January-June. @ : January-September. # : January-August.

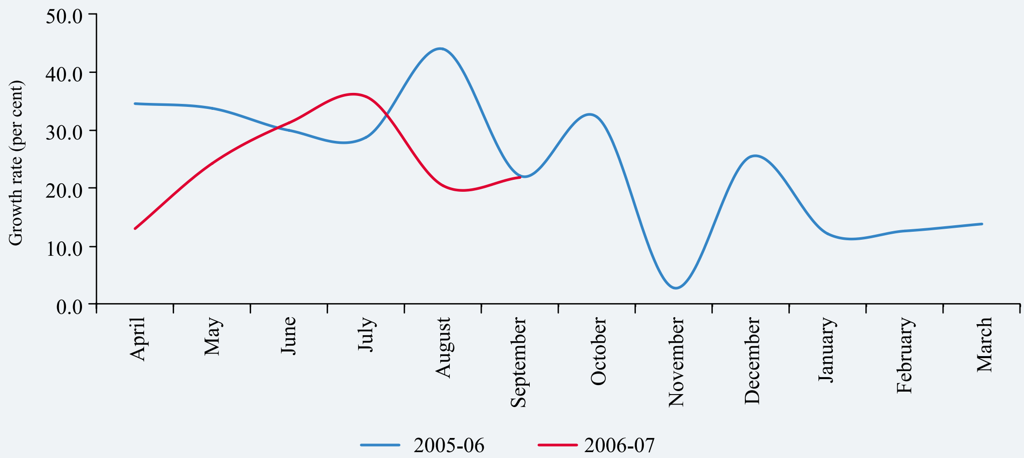
Source : International Financial Statistics, International Monetary Fund, October 2006; DGCI&S for India.

According to the IMF, growth in world trade volume is expected to accelerate from 7.4 per cent in 2005 to 8.9 per cent in 2006 before moderating to 7.6 per cent in 2007.

Merchandise Trade

India's merchandise exports have continued to record strong growth during 2006-07 so far, *albeit* with some deceleration. According to the provisional data released by Directorate General of Commercial Intelligence and Statistics (DGCI&S), exports (in US dollar terms) recorded growth of 23 per cent during April-September 2006 as compared with 34 per cent in the corresponding period of 2005 (Chart 51).

Chart 51 : India's Merchandise Exports



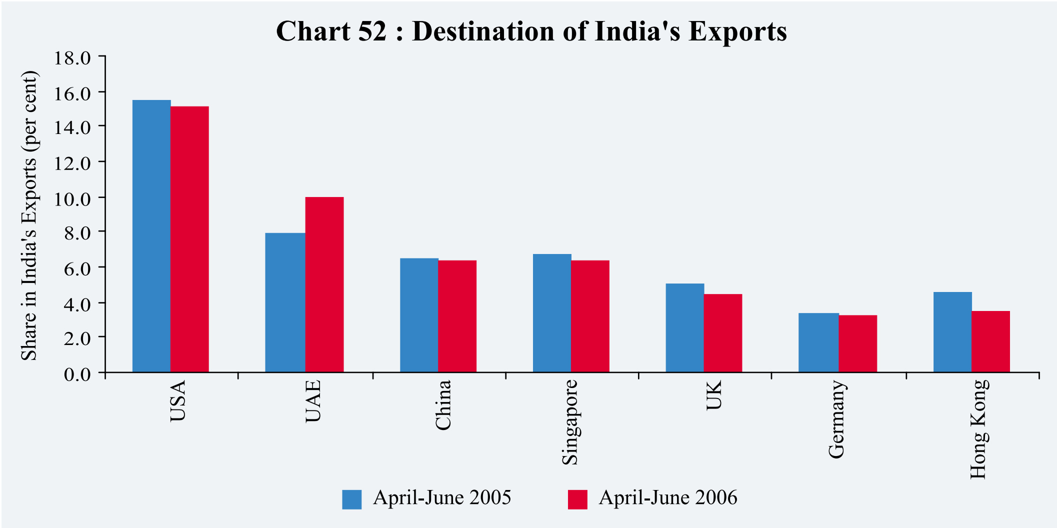
Among the major commodity groups, exports of primary products and manufactured goods showed a deceleration, while exports of petroleum products exhibited sharp acceleration during April-June 2006. Within the primary products, exports of agricultural and allied products accelerated, led by cotton, tobacco, spices, and sugar and molasses. Manufactures, such as, engineering goods, basic chemicals and pharmaceutical products, and readymade garments also posted strong growth, although there was some moderation in the expansion. Engineering goods were the prime movers of growth in manufactured exports. Machinery and instruments, and electronic goods registered sharp growth benefiting from strong demand from the major importing countries. Gems and jewellery exports exhibited sharp deceleration during April-June 2006. Exports of petroleum products, on the other hand, recorded acceleration, reflecting the increase in oil prices in the international market as well as in volumes. POL exports increased by 99 per cent in US dollar terms (49 per cent in volume terms) and accounted for 39 per cent of the increase in overall exports during April-June 2006 (Table 46). Exports, net of petroleum products, grew by 16 per cent during April-June 2006 (32 per cent a year ago).

Destination-wise, the US, the UAE and China were the largest export markets for India during April-June 2006 (Chart 52). Exports to the OPEC countries recorded growth of 50 per cent during April-June 2006. Exports to the US, the largest export market for India, maintained the growth momentum, while export growth to China showed deceleration.

Table 46: Exports of Principal Commodities

Commodity Group	US $ billion			Variation (per cent)	
	2005-06	2005-06	2006-07	2005-06	2006-07
		April-June		April-June	
1	2	3	4	5	6
1. Primary Products	**16.4**	**3.7**	**4.4**	**35.0**	**17.0**
of which:					
a) Agriculture and allied products	10.2	2.3	2.7	17.1	20.5
b) Ores and minerals	6.2	1.4	1.6	77.9	11.4
2. Manufactured Goods	**71.8**	**16.8**	**19.4**	**31.5**	**15.1**
of which:					
a) Chemicals and related products	14.5	3.4	3.9	28.2	15.8
b) Engineering goods	21.5	5.1	6.6	49.7	29.1
c) Textiles and textile products	16.0	3.8	4.3	21.2	13.3
d) Gems and jewellery	15.5	3.5	3.5	26.4	0.6
3. Petroleum Products	**11.5**	**2.1**	**4.3**	**61.7**	**99.2**
4. Total Exports	**102.7**	**23.5**	**29.0**	**34.5**	**23.4**

Source : DGCI&S.



Growth in imports moderated during April-September 2006, despite the surge in oil imports. The rise in petroleum, oil and lubricants (POL) imports during April-September 2006 (37 per cent) was mainly due to sharp increase in international crude oil prices. The average crude oil price (Indian basket) recorded an increase of 25 per cent during April-September 2006. In volume terms, oil imports increased by 16 per cent during April-June 2006 as compared with a decline of 4 per cent a year ago.

Non-oil import growth decelerated sharply to 11 per cent during April-September 2006 from 49 per cent a year ago (Chart 53). This is attributable

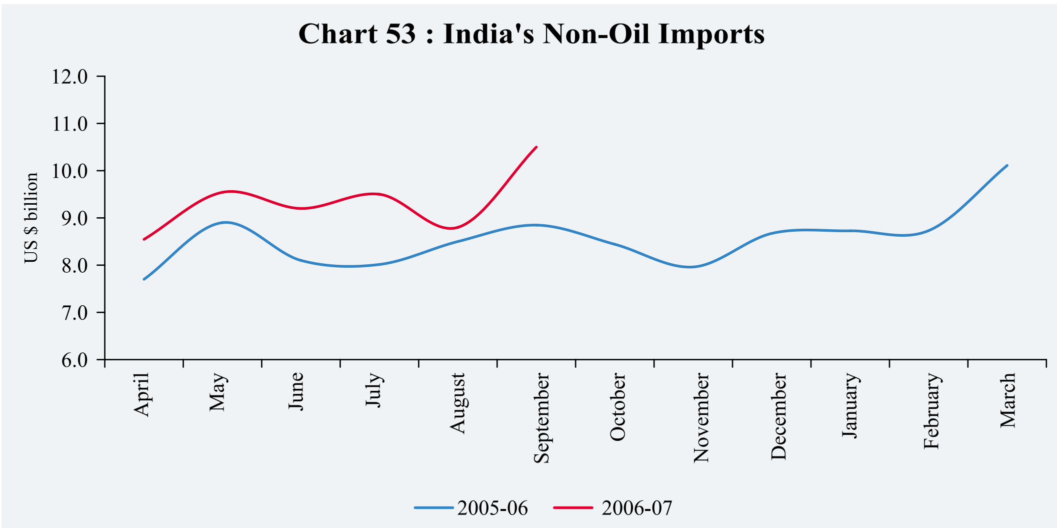


Table 47: Imports of Principal Commodities

Commodity Group	US $ billion			Variation (per cent)	
	2005-06	2005-06	2006-07	2005-06	2006-07
		April-June		April-June	
1	2	3	4	5	6
POL	44.0	9.4	13.7	31.0	44.9
Edible Oils	2.0	0.5	0.5	-14.2	14.6
Fertilisers	2.1	0.4	0.5	184.4	21.4
Iron and Steel	4.4	1.2	1.3	113.7	11.0
Capital Goods	31.7	6.9	9.5	52.4	37.8
of which:					
a) Electronic Goods including Computer Software	14.1	2.9	3.9	25.8	36.2
b) Transport Equipments	3.2	0.7	1.0	118.3	45.5
Pearls, Precious and Semi-Precious Stones	9.1	2.7	1.8	59.1	-34.1
Chemicals	6.9	1.7	1.8	54.4	8.2
Gold and Silver	11.2	4.3	3.0	52.1	-30.3
Total Imports	**142.4**	**34.4**	**40.9**	**46.2**	**19.0**
Memo:					
Non-oil Imports	98.5	25.0	27.2	52.9	9.1
Non-oil Imports excluding gold and silver	87.3	20.7	24.3	53.0	17.3
Mainly Industrial Imports*	81.0	19.3	22.6	54.8	17.1

* : Non-oil imports net of gold and silver, bulk consumption goods, manufactured fertilisers and professional instruments.

Source : DGCI&S.

partly to the decline in the imports of gold and silver which fell by 30 per cent during April-June 2006 in contrast to an increase of 52 per cent a year ago (Table 47). This decline could be, *inter alia*, on account of the surge in international prices of gold. Imports of mainly export related items such as pearls, precious and semi precious stones also registered sharp decline during April-June 2006. Capital goods maintained the momentum of strong growth (38 per cent during April-June 2006 as compared with 52 per cent a year ago) reflecting the sustained investment demand in the economy.

Country-wise, China was the largest source for India's imports during April-June 2006 with a share of 8.9 per cent in India's total imports, followed by Saudi Arabia (8.0 per cent), the US (5.9 per cent) and the UAE (5.6 per cent). Region-wise, developing economies (excluding OPEC) were the major source, accounting for 32.5 per cent of India's total imports. Within developing economies, East Asian countries were the largest source (25.3 per cent) of India's total imports.

Trade deficit, based on DGCI&S data, increased by 10.5 per cent to US $ 24.6 billion during April-September 2006 mainly on account of surge in oil imports (Table 48). Non-oil trade deficit, in fact, declined to US $ 2.5 billion during April-June 2006 from US $ 3.6 billion a year ago.

Table 48: India's Merchandise Trade

(US $ billion)

Item	2004-05	2005-06	2005-06	2006-07
			April-September	
1	2	3	4	5
Exports	83.5	103.1	48.3	59.3
Imports	111.5	149.2	70.5	83.9
Oil	29.8	44.0	20.9	28.7
Non-oil	81.7	105.2	49.8	55.3
Trade Balance	-27.9	-46.1	-22.3	-24.6
Non-oil Trade Balance	-5.1	-13.6	-3.6 *	-2.5 *
			Variation (per cent)	
Exports	30.8	23.4	34.1	22.9
Imports	42.7	33.8	46.6	19.0
Oil	45.1	47.3	43.6	36.8
Non-oil	41.8	28.8	48.5	11.0

*: April-June.

Source : DGCI&S.

Current Account

Net surplus under the invisibles account continued to exhibit buoyancy during the first quarter of 2006-07, on the back of higher exports of software and business services, and private transfers. Net surplus under software services during April-June 2006 (US $ 5.9 billion) increased by 22.5 per cent over that during April-June 2005; the surplus under business and other services more than trebled to US $ 1.7 billion (Table 49). Private transfers at US $ 5.8 billion were almost five per cent higher than a year ago. Investment income balance

Table 49: Invisibles Account (Net)

(US $ million)

Item	2005-06 P April-March	2005-06 April-June PR	July-Sept. PR	Oct.-Dec.PR	Jan-March P	2006-07 April-June P
1	2	3	4	5	6	7
Services	22,265	5,372	6,139	4,432	6,322	7,575
Travel	1,368	178	250	432	508	79
Transportation	-1,117	-169	-96	-409	-443	-260
Insurance	57	6	253	-127	-75	105
Government, not included elsewhere	-175	-17	-50	-18	-90	-28
Software	22,262	4,853	4,989	5,755	6,665	5,947
Other Services	-130	521	793	-1,201	-243	1,732
Transfers	24,276	5,503	4,990	6,436	7,347	5,735
Investment Income	-5,027	-695	-1,409	-2,693	-230	-791
Compensation of Employees	-572	-132	-133	-164	-143	-134
Total	**40,942**	**10,048**	**9,587**	**8,011**	**13,296**	**12,385**

PR : Partially Revised. P : Preliminary.

Table 50: India's Balance of Payments

(US $ million)

Item	2005-06 P April-March	2005-06 April-June PR	2005-06 July-Sept.PR	2005-06 Oct.-Dec.PR	2005-06 Jan-March P	2006-07 April-June P
1	2	3	4	5	6	7
Exports	104,780	24,150	24,060	26,400	30,170	28,245
Imports	156,334	37,754	38,692	38,237	41,651	46,729
Trade Balance	-51,554 (-6.5)	-13,604	-14,632	-11,837	-11,481	-18,484
Invisible Receipts	91,481	19,686	19,832	24,024	27,939	24,138
Invisible Payments	50,539	9,638	10,245	16,013	14,643	11,753
Invisibles, net	40,942 (5.1)	10,048	9,587	8,011	13,296	12,385
Current Account	-10,612 (-1.3)	-3,556	-5,045	-3,826	1,815	-6,099
Capital Account (net)*	25,664 [31,164] @	4,803	10,301	-846 [4,654] @	11,406	12,477
of which:						
Foreign Direct Investment	5,733	1,198	1,086	1,412	2,037	1,727
Portfolio Investment	12,489	972	4,436	2,748	4,333	-527
External Commercial Borrowings $	1,591 [7,091] @	1,091	1,758	-4,281 [1,219] @	3,023	3,560
Short-term Trade Credits	1,708	-151	1,123	759	-23	417
External Assistance	1,438	212	183	477	566	23
NRI Deposits	2,789	-108	341	881	1,675	1,231
Change in Reserves #	-15,052	-1,247	-5,256	4,672	-13,221	-6,378

P : Preliminary. PR : Partially Revised.
* : Includes errors and omissions.
$: Medium and long-term borrowings.
: On balance of payments basis (excluding valuation); (-) indicates increase.
@ : Excluding the IMD redemption.
Note : Figures in parentheses are per cent to GDP.

continued to record a deficit, as payments associated with servicing of India's external liabilities remained in excess of earnings on India's external assets. On balance, the net surplus under invisibles (services, transfers and income taken together) increased from US $ 10.0 billion during April-June 2005 to US $ 12.4 billion during April-June 2006.

The net invisibles surplus continued to finance bulk (67 per cent) of the merchandise trade deficit during April-June 2006. However, in view of the large expansion in merchandise trade deficit, current account deficit widened to US $ 6.1 billion from US $ 3.6 billion during April-June 2005 (Table 50).

Capital Flows

Capital flows to India have remained large during 2006-07 so far. Foreign direct investment (FDI) inflows at US $ 4.0 billion during April-August 2006 were 62 per cent higher than in the corresponding period of the previous year (Table 51). The pick-up in FDI inflows reflects growing investor interest in the Indian

Table 51: Capital Flows

(US $ million)

Components	Period	2005-06	2006-07
1	2	3	4
Foreign Direct Investment into India	April-August	2,470	4,008
FIIs (net)	April-October *	4,682	-29
ADRs/GDRs	April-August	568	1,547
External Assistance (net)	April-June	212	23
External Commercial Borrowings (net) (Medium and long-term)	April-June	1,091	3,560
Short-term Trade Credits (net)	April-June	-151	417
NRI Deposits (net)	April-August	33	1,635

* Up to October 13.

economy on the back of strong fundamentals as well as the impact of policy initiatives aimed at rationalising and liberalising the FDI policy and simplifying the procedures. FDI was channelled mainly into manufacturing, banking and financial services. Mauritius, the US and Singapore remain the dominant sources of FDI to India.

Foreign institutional investors (FIIs) registered outflows during May-July 2006 against the backdrop of weakness in domestic equity markets in consonance with the trends in international markets. Since August 2006, however, FIIs have made large purchases in the Indian stock markets. Overall, FIIs have registered marginal net outflows of US $ 29 million during 2006-07 so far (up to October 13, 2006). The number of FIIs registered with the SEBI has increased from 882 at end-March 2006 to 973 by October 20, 2006. With corporates resorting to greater issue of American depository receipts (ADRs)/global depository receipts (GDRs) abroad, amounts mobilised through this route were also substantially higher during April-August 2006.

Mobilisation through external commercial borrowings (ECBs) during April-June 2006 was considerably higher as compared to the corresponding period of the previous year in consonance with strong investment demand in the economy. Commercial bank loans and foreign currency convertible bonds (FCCBs) accounted for majority of the increase in the ECBs during the quarter. Net inflows under various NRI deposits witnessed large inflows during April-August 2006 as compared with the corresponding period of 2005, partly reflecting higher interest rates. The ceiling interest rate on NRE deposits was raised by 25 basis points each in November 2005 and April 2006 to LIBOR/SWAP rates of US dollar *plus* 100 basis points. The ceiling interest rate on FCNR(B) deposits was also raised by 25 basis points to "LIBOR/SWAP rates for the respective currency/maturity" in March 2006 from "LIBOR/SWAP rates *minus* 25 basis points".

Table 52: Foreign Exchange Reserves

(US $ million)

End-Month	Gold	SDR	Foreign Currency Assets	Reserve Position in the IMF	Total (2+3+4+5)
1	2	3	4	5	6
March 1995	4,370	7	20,809	331	25,517
March 2000	2,974	4	35,058	658	38,694
March 2005	4,500	5	135,571	1,438	141,514
March 2006	5,755	3	145,108	756	151,622
April 2006	6,301	6	153,598	772	160,677
May 2006	7,010	–	156,073	785	163,868
June 2006	6,180	–	155,968	764	162,912
July 2006	6,557	7	157,247	766	164,577
August 2006	6,538	1	158,938	767	166,244
September 2006	6,202	1	158,340	762	165,305
October 2006 *	6,202	1	159,304	646	166,153

– : Negligible.
* : As on October 20, 2006.

Foreign Exchange Reserves

India's foreign exchange reserves were US $ 166.2 billion as on October 20, 2006, showing an increase of US $ 14.5 billion over end-March 2006 level (Table 52). The increase in reserves was mainly due to increase in foreign currency assets from US $ 145.1 billion at end-March 2006 to US $ 159.3 billion as on October 20, 2006.

India holds the fifth largest stock of reserves among the emerging market economies. The overall approach to the management of India's foreign exchange reserves in recent years reflects the changing composition of the balance of payments and the 'liquidity risks' associated with different types of flows and other requirements. Taking these factors into account, India's foreign exchange reserves continued to be at a comfortable level and consistent with the rate of growth, the share of external sector in the economy and the size of risk-adjusted capital flows.

External Debt

During the first quarter of 2006-07, India's total external debt increased by US $ 6.9 billion to US $ 132.1 billion at end-June 2006. The increase during the quarter was mainly on account of external commercial borrowings which recorded an increase of US $ 5.4 billion, reflecting strong domestic investment activity. The rise in NRI deposits can be attributed, *inter alia*, to the upward revision in interest rates on NRE term deposits. Notwithstanding increase in the stock of external debt, various sustainability indicators suggest continued

Table 53: India's External Debt

(US $ million)

Item	End-March 1995	End-March 2005	End-March 2006	End-June 2006
1	2	3	4	5
1. Multilateral	28,542	31,702	32,558	33,105
2. Bilateral	20,270	16,930	15,784	15,833
3. International Monetary Fund	4,300	0	0	0
4. Trade Credit	6,629	4,980	5,326	5,455
5. External Commercial Borrowings	12,991	27,024	25,560	30,975
6. NRI Deposits	12,383	32,743	35,134	35,651
7. Rupee Debt	9,624	2,301	2,031	1,915
8. Long-term (1 to 7)	94,739	1,15,680	1,16,393	1,22,934
9. Short-term	4,269	7,524	8,788	9,196
Total	**99,008**	**1,23,204**	**1,25,181**	**1,32,130**
Memo:				(Per cent)
Total debt/GDP	30.8	17.3	15.8	..
Short-term/Total debt	4.3	6.1	7.0	7.0
Short-term debt/Reserves	16.9	5.3	5.8	5.6
Concessional debt/Total debt	45.3	33.3	31.5	30.2
Reserves/Total debt	25.4	114.9	121.1	123.3
Debt Service Ratio*	25.9	6.1	10.2	..

*: Relates to the fiscal year.

improvement in India's external debt position. The ratio of short-term to total debt at 7.0 per cent at end-June 2006 remained unchanged from that at end-March 2006, while the ratio of short-term debt to reserves declined marginally to 5.6 per cent. India's foreign exchange reserves exceeded the external debt by US $ 30.8 billion providing a cover of 123.3 per cent to the external debt stock at end-June 2006 (Table 53).

International Investment Position

India's international assets increased by US $ 14.2 billion during the year ended March 2006, mainly on account of an increase in reserve assets. India's direct investment abroad also continued its rising trend, reflecting growing investment interest by Indian companies in the overseas markets. International liabilities of the country expanded by US $ 20.0 billion during 2005-06, led by portfolio and direct investment. As the increase in international liabilities exceeded that in international assets during the year, India's net international liabilities increased by around US $ 6 billion, mirroring the widening of current account deficit. At end-March 2006, the ratio of India's net international liabilities to GDP at 6.4 per cent was marginally higher than that a year ago, but almost one-half of that at end-March 2003 (Table 54).

Table 54: International Investment Position of India

(US $ billion)

Item	March 2003	March 2004	March 2005	March 2006
1	2	3	4	5
A. Assets	**95.6**	**137.8**	**168.9**	**183.1**
	(20.2)	**(23.5)**	**(26.0)**	**(25.5)**
1. Direct Investment	5.8	7.8	10.1	12.1
2. Portfolio Investment	0.8	0.8	0.8	1.3
2.1 Equity Securities	0.4	0.4	0.4	0.7
2.2 Debt Securities	0.4	0.4	0.4	0.6
3. Other Investment	12.9	16.3	16.5	18.2
3.1 Trade Credits	1.1	1.9	2.8	1.0
3.2 Loans	1.4	1.8	1.9	2.6
3.3 Currency and Deposits	7.5	9.5	8.4	11.2
3.4 Other Assets	2.9	3.2	3.4	3.5
4. Reserve Assets	76.1	113.0	141.5	151.6
	(16.0)	(19.3)	(21.8)	(21.1)
B. Liabilities	**156.1**	**183.1**	**209.2**	**229.2**
	(32.9)	**(31.3)**	**(32.2)**	**(31.9)**
1. Direct Investment	31.2	38.2	43.6	50.3
	(6.6)	(6.5)	(6.7)	(7.0)
2. Portfolio Investment	32.4	43.7	55.3	63.4
	(6.8)	(7.5)	(8.5)	(8.8)
2.1 Equity Securities	20.1	33.9	42.7	54.3
2.2 Debt Securities	12.3	9.8	12.5	9.0
3. Other Investment	92.4	101.3	110.3	115.6
	(19.5)	(17.3)	(17.0)	(16.1)
3.1 Trade Credits	4.9	6.3	9.6	10.5
3.2 Loans	61.1	61.9	65.8	67.8
3.3 Currency and Deposits	25.6	32.2	33.6	36.2
3.4 Other Liabilities	0.9	0.9	1.4	1.1
C. Net Position (A-B)	**-60.5**	**-45.3**	**-40.3**	**-46.1**
	(-12.7)	**(-7.7)**	**(-6.2)**	**(-6.4)**

Note : Figures in parentheses are percentages to GDP.