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Banco de Portugal publishes statistics on general government financial accounts and public debt[1]

The April 2014 edition of the Statistical Bulletin presents data on general government financial accounts and public debt for 2013. It also discloses public debt figures for February 2014.

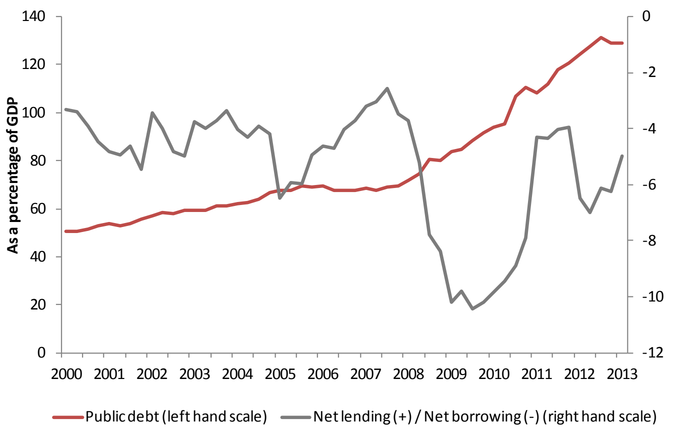
Main highlights

At the end of 2013 public debt, according to the Excessive Deficit Procedure definition, reached 213.6 billion euro (129.0 per cent of GDP), after 204.9 billion euro (124.1 per cent of GDP) in 2012 (see Chart 1).

In February 2014 public debt reached 220.6 billion euro. This increase mainly reflects net issuances of securities in the first two months of this year, which amounted to 5.3 billion euro.

Chart 1

Public debt and general government deficit



In 2013 general government deficit stood at 8.2 billion euro (5.0 per cent of GDP), which compares with 10.7 billion euro (6.5 per cent of GDP) in 2012. This figure reflects the improving trend observed since 2010. The result for 2013 reflects an increase in tax revenue (mainly taxes on income and wealth), which was higher than the increase in expenditure, namely in compensation of employees (due to the reinstatement of holiday and Christmas allowances) and social benefits paid. The net borrowing of the general government sector was mostly financed by an increase in liabilities (7.9 billion euro) and a decrease in financial assets (0.3 billion euro).

In 2013 the deficit-debt adjustment, which corresponds to the difference between the change in debt (8.8 billion euro) and the deficit (8.2 billion euro), was 0.5 billion euro.

Data analysis for 2013

Public debt: 129.0 per cent of GDP

At the end of 2013 general government debt was 213.6 billion euro (129.0 per cent of GDP), which accounts for an increase from 124.1 per cent at the end of 2012.

Debt growth in 2013 was mainly explained by changes in loans (9.1 billion euro), namely loans received under the Economic and Financial Assistance Programme to Portugal, which started in the second quarter of 2011.

[1] The quarterly general government financial accounts are available in Chapter F of the Statistical Bulletin of Banco de Portugal and in BPstat |Statistics Online. Data on public debt is released in BPstat |Statistics Online.

[2] This concept is equivalent to the so-called Maastricht debt. It differs from the concept of direct State debt, which is compiled monthly by the Portuguese Treasury and Debt Management Agency (IGCP) and also published by Banco de Portugal. The main differences are: i. sector delimitation – direct State debt includes only debt issued by the State, while Maastricht debt includes debt of all entities classified, for statistical purposes, under general government; ii. consolidation – direct State debt shows only the liabilities of the State, while Maastricht debt is consolidated, i.e. general government assets that are general government liabilities are excluded; iii. accrued interest of savings certificates – direct State debt includes the accrued interest of saving certificates, which is excluded from Maastricht debt.

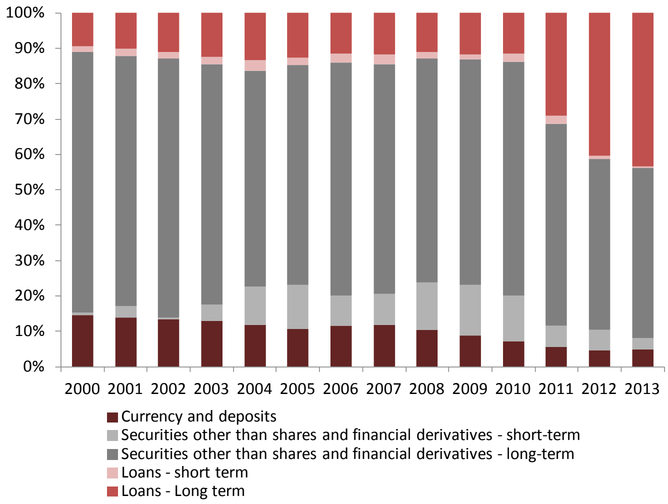
Under this Programme, Portugal received 10.0 billion euro in 2013, of which 6.6 billion euro from the European Financial Stability Facility and 3.4 billion euro from the International Monetary Fund.

Developments in debt were also explained by a 1.1 billion euro increase in currency and deposits (namely savings and Treasury certificates), which were offset by a 1.4 billion euro decrease in debt securities issued.

The breakdown of general government debt by financial instrument (see Chart 2) shows an increase in the share of loans in total debt and a decrease in the share of securities. The share of loans was 43.9 per cent of total debt at the end of 2013, which compares with 41.4 per cent in 2012. Conversely, the share of securities other than shares and financial derivatives decreased to 51.2 per cent of total debt at the end of 2013, from 54.0 per cent at the end of 2012.

Chart 2

Debt by financial instrument



Charts 3 and 4 illustrate developments in regional and local government debt. Total regional government debt increased from 0.7 billion euro at the end of 2000 (0.5 per cent of GDP) to 4.9 billion euro at the end of 2013 (2.9 per cent of GDP), mainly due to debt growth in the Autonomous Region of Madeira. In 2013 regional government debt increased by 0.2 billion euro vis-à-vis 2012.

Other local government units debt also showed an upward trend, from 1.9 billion euro at the end of 2000 (1.5 per cent of GDP) to 5.0 billion euro at the end of 2013 (3.0 per cent of GDP). In 2013 local government debt remained stable.

Chart 3

Regional government debt

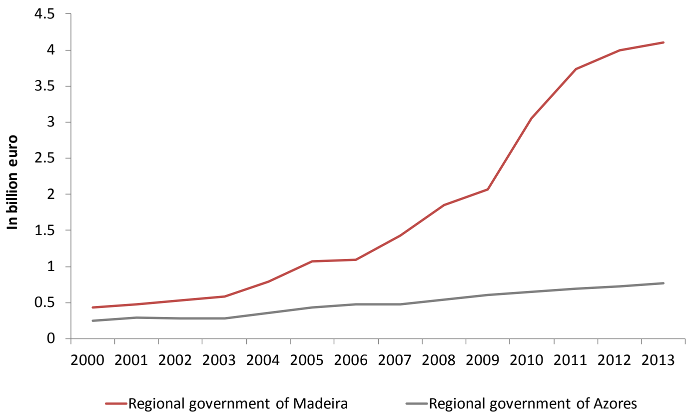
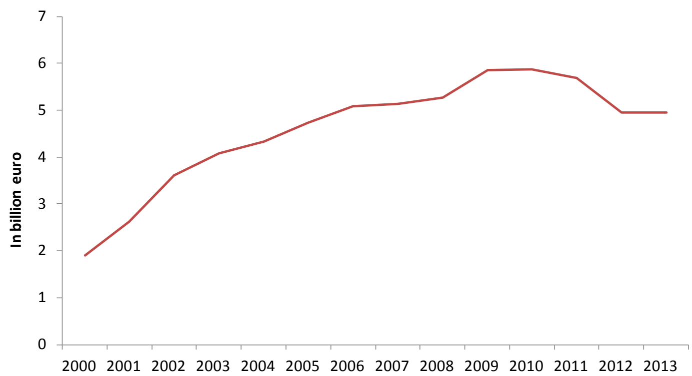


Chart 4

Other local government units debt



General government financial savings[3]: -5.0 per cent of GDP

In 2013 general government financial savings improved to -5.0 per cent of GDP (-8.2 billion euro), which compares with -6.5 per cent of GDP (-10.7 billion euro) in 2012 (see Chart 5).

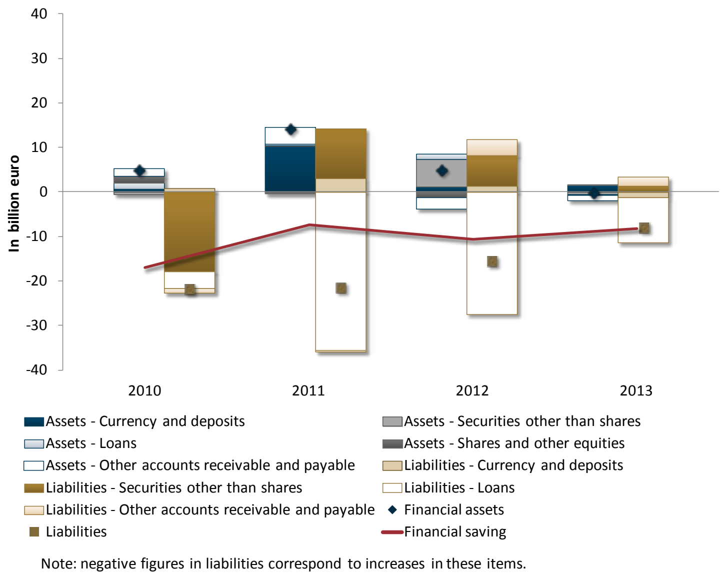
[3] Financial savings correspond to net lending (+) / net borrowing (-), i.e. the difference between transactions in financial assets and liabilities. A positive difference between the two aggregates corresponds to net lending or a surplus. A negative difference corresponds to net borrowing or a deficit in the period.

The deficit was mainly financed by an increase in liabilities (7.9 billion euro), mainly due to the taking up of loans (9.1 billion euro). The increase in loan liabilities was partly offset by a decrease in other accounts payable (2.0 billion euro) due to the repayment of trade credits and of advances by Parpública to the State.

In 2013 financial assets also decreased, by 0.3 billion euro. This was mainly due to a decrease in both other accounts receivable (1.3 billion euro), due to the settlement of the concession of the airport services to ANA (1.2 billion euro), and securities other than shares (0.6 billion euro). These reductions were partly offset by a 1.6 billion euro increase in deposits with the financial sector.

Chart 5

General government financial savings



Deficit-debt adjustment: 0.3 per cent of GDP

In 2013 the change in public debt stood at 8.8 billion euro. This figure exceeded the deficit (8.2 billion euro), resulting in a deficit-debt adjustment of 0.5 billion euro (Chart 6).

In addition to the impact of the deficit, public debt changed due to the sale of financial assets (-0.3 billion euro), the repayment of other accounts payable (2.0 billion euro), which are liabilities not included in public debt, and other changes in the volume and price of liabilities included in Maastricht debt (-1.1 billion euro), namely exchange rate changes in foreign currency debt (-0.7 billion euro).

Chart 6

Deficit-debt adjustment