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Banco de Portugal publishes new debt data

Banco de Portugal publishes today new data on public debt, available in table A.14 of the Statistical Bulletin and in BPstat. The new data are the result of the methodological changes introduced by revisions in the international manuals – System of National Accounts, European System of National and Regional Accounts of the European Union and Balance of Payments and International Investment Position Manual¹.

As a result of these changes, the debt of general government was 219.2 billion euro in the end of 2013. This figure includes a revision of 5.6 billion euro, resulting from the adoption of the new European System of National and Regional Accounts (ESA2010). Without these changes, the debt of general government would be 213.6 billion euro.

In the same period, however, public debt as a percentage of GDP (128.0%) is lower than the one calculated under the previous European system of accounts (128.9%)². This is a consequence of the upward revision of the GDP, also resulting from the adoption of the ESA2010.

¹ More information on these changes available in <https://www.ecb.europa.eu/stats/acc/ESA2010/html/index.en.html>

² More information on the revision of the GDP is available in the website of the National Statistical Institute, in the press release “New Series of the Portuguese National Accounts for the period 1995 – 2011”, available in http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=211355043&DESTAQUESmodo=2portal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=211353592&DESTAQUESmodo=2

Main changes in public debt

Chart 1 shows the evolution of public debt on the basis of ESA2010 and ESA95. The adoption of ESA2010 led to an upward revision of public debt (chart 1b).

Nevertheless, public debt as a percentage of GDP is not significantly different when comparing the two systems (chart 1b). In the last quarters, debt in ESA2010 is lower than in ESA95.

Chart 1

Public debt in ESA2010 and ESA95

Chart 1a

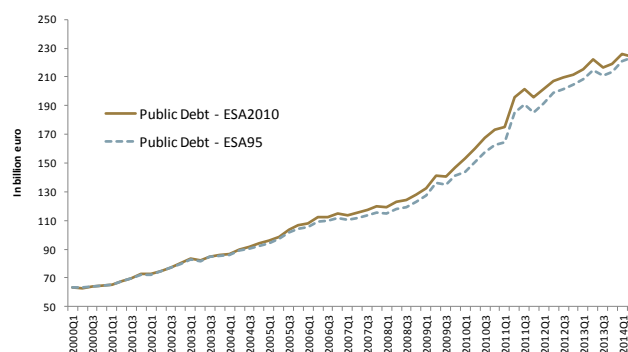
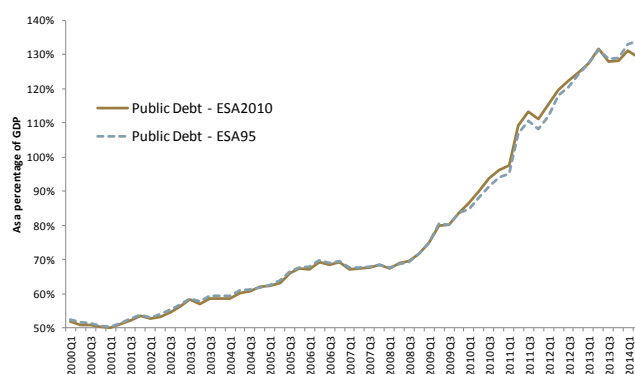


Chart 1b



The revision of public debt was mainly the result of the new ESA2010 rules on the sector classification of institutional units. One of the changes was the revision of the quantitative criterion used in the classification of entities. The ratio of market production now includes net interest expenditure as a part of operational costs.

ESA2010 also introduces new rules on qualitative criteria relevant for the classification of public units, namely the degree of public sector control and the nature of the sales.

As a consequence of these methodological changes, several public institutional units, which were classified, under ESA95, in the institutional sectors of financial (FC) and non financial corporations (NFC), are now classified in the sector of general government.

Thus, the increase of public debt is a consequence of the inclusion of the debt of these entities, namely Parpública – Participações Públicas, SGPS, SA and Sagestamo – Sociedade Gestora de Participações Sociais Imobiliárias, SA, previously classified as FC, and CP - Comboios de Portugal, EPE, EDIA - Empresa de Desenvolvimento e Infra-estruturas do Alqueva, SA, Entidade Nacional para o Mercado de Combustíveis, EPE, and Hospitals with corporation status, which were classified as NFC under ESA95.

The impact of these reclassifications is smaller after April 2014, due to the inclusion of the debt of CP in public debt. The State granted financial support to CP, triggering the immediate recognition of the total debt of this corporation as State debt, in accordance with the rules of compilation of Maastricht debt, defined in the European Union³.

The impact of the inclusion of Parpública is also not significant in 2012 and 2013, since the advances of this company to the State, which were already included in public debt under ESA95, are deducted from ESA2010 debt, through the consolidation of operations between general government units.

Finally, the adoption of the ESA2010 and of the 6th edition of the Balance of Payments and International Investment Position Manual constituted an opportunity for the introduction of other improvements, namely in the systems of data collection and statistical compilation, and in the checking and modification of sources and

methods used. These changes led to additional revisions in public debt.

Table 1 and chart 2 summarize the most significant changes in public debt for 2010-2013.

³ Statistical Press Release 7, June 2014, available in <http://www.bportugal.pt/en-US/Estatisticas/PublicacoesEstatisticas/NIE/Lists/LinksLitsItemFolder/Attachments/69/PR%202014%2006%2002%20AP.pdf>.

Table 1

Public debt – impact of the adoption of ESA2010

ESA95 debt	Reclassification of NFC	Reclassification of FC	Other revisions	Total revisions	ESA2010	Impact of the revision of GDP	ESA2010 as a percentage of ESA2010 GDP
milhões de euros							
2010	162 473	5 910	5 138	- 458	10 589	173 062	
2011	185 241	5 746	5 189	- 486	10 449	195 690	
2012	204 860	5 792	1 630	- 497	6 925	211 784	
2013	213 631	5 960	116	- 482	5 594	219 225	
percentages of ESA95 GDP							
2010	94.0%	3.4%	3.0%	-0.3%	6.1%	100.1%	-3.9%
2011	108.2%	3.4%	3.0%	-0.3%	6.1%	114.4%	-3.3%
2012	124.1%	3.5%	1.0%	-0.3%	4.2%	128.3%	-3.5%
2013	128.9%	3.6%	0.1%	-0.3%	3.4%	132.3%	-4.3%

Chart 2

Public debt – impact of the adoption of ESA2010

