

Conceptual issues related to the definition of government debt



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EUROSYSTEM

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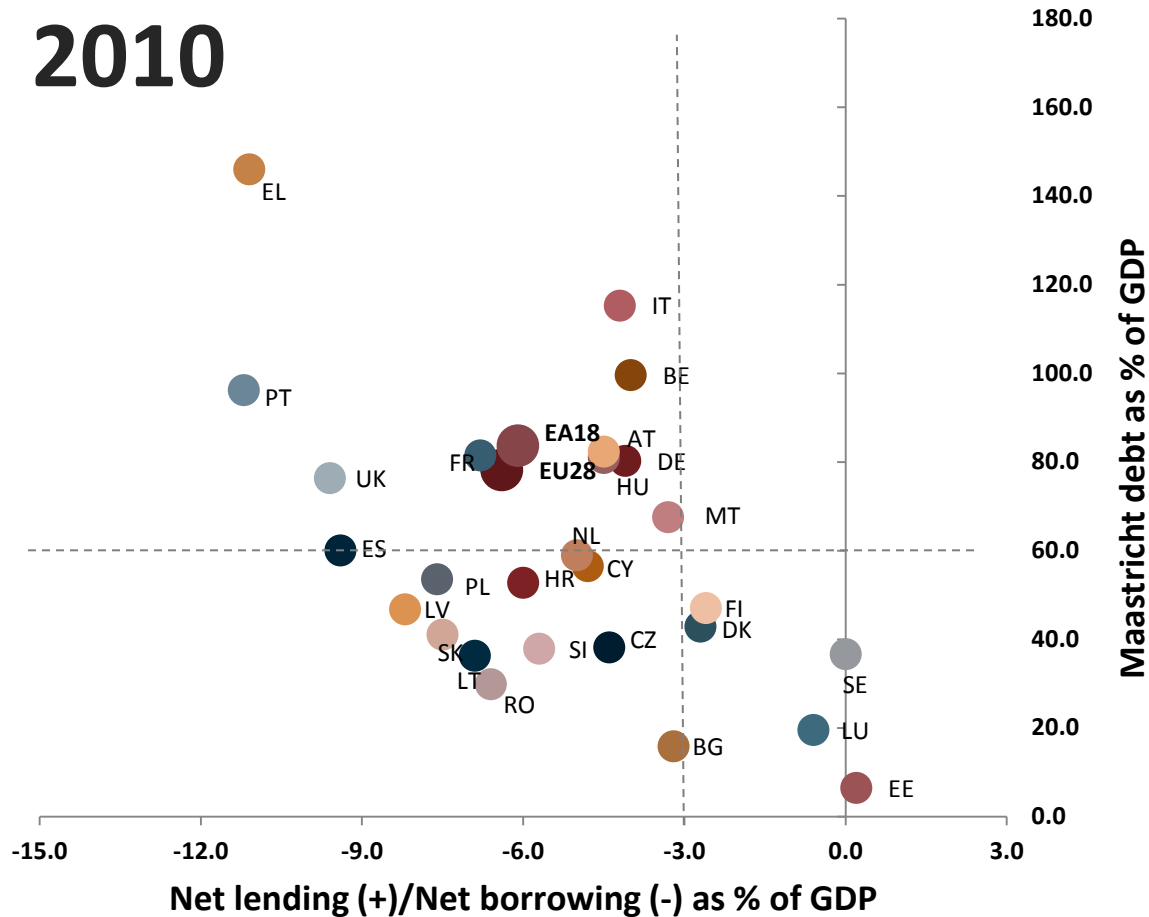
- 1. European definition of general government debt**
- 2. Other government debt definitions, net debt and alternative measures**
- 3. Looking forward: debt of public sector and contingent liabilities**
- 4. Conclusion**



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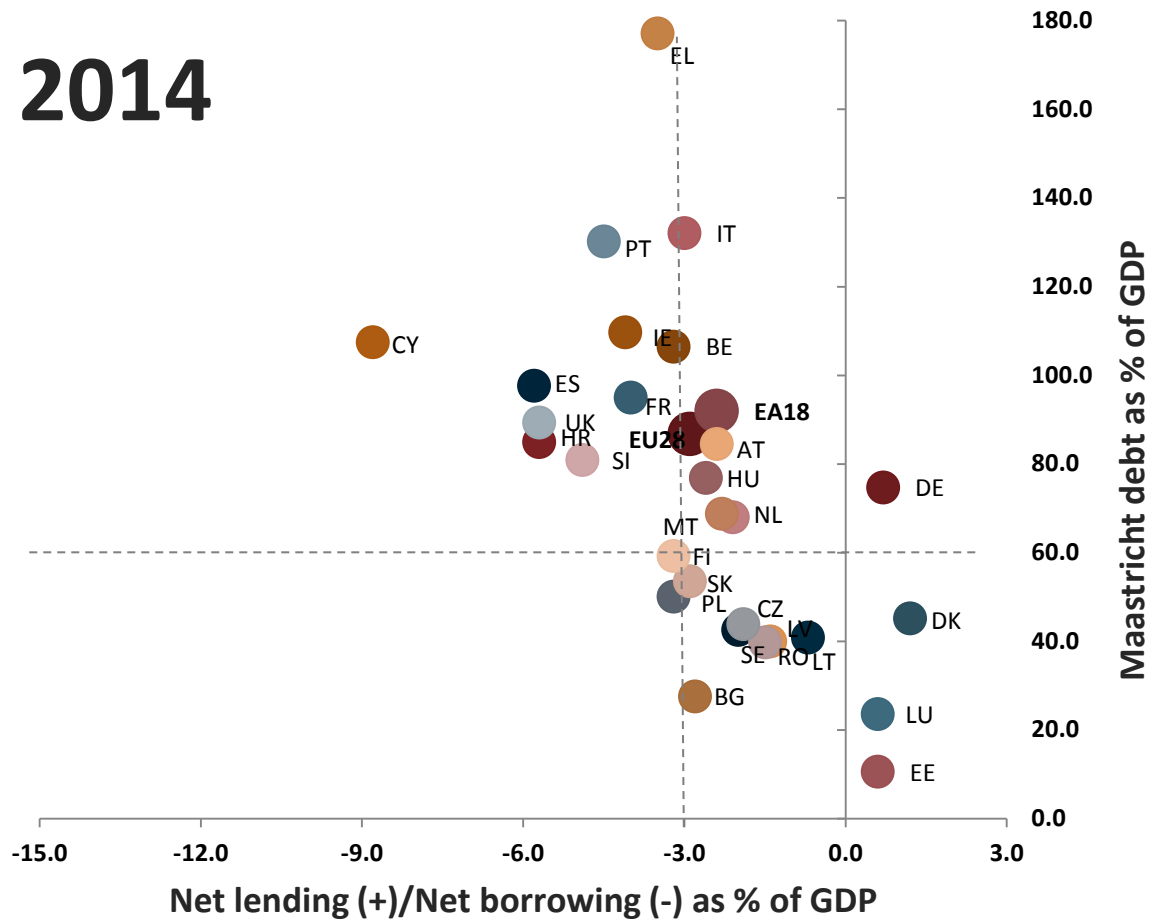


European definition of general government debt



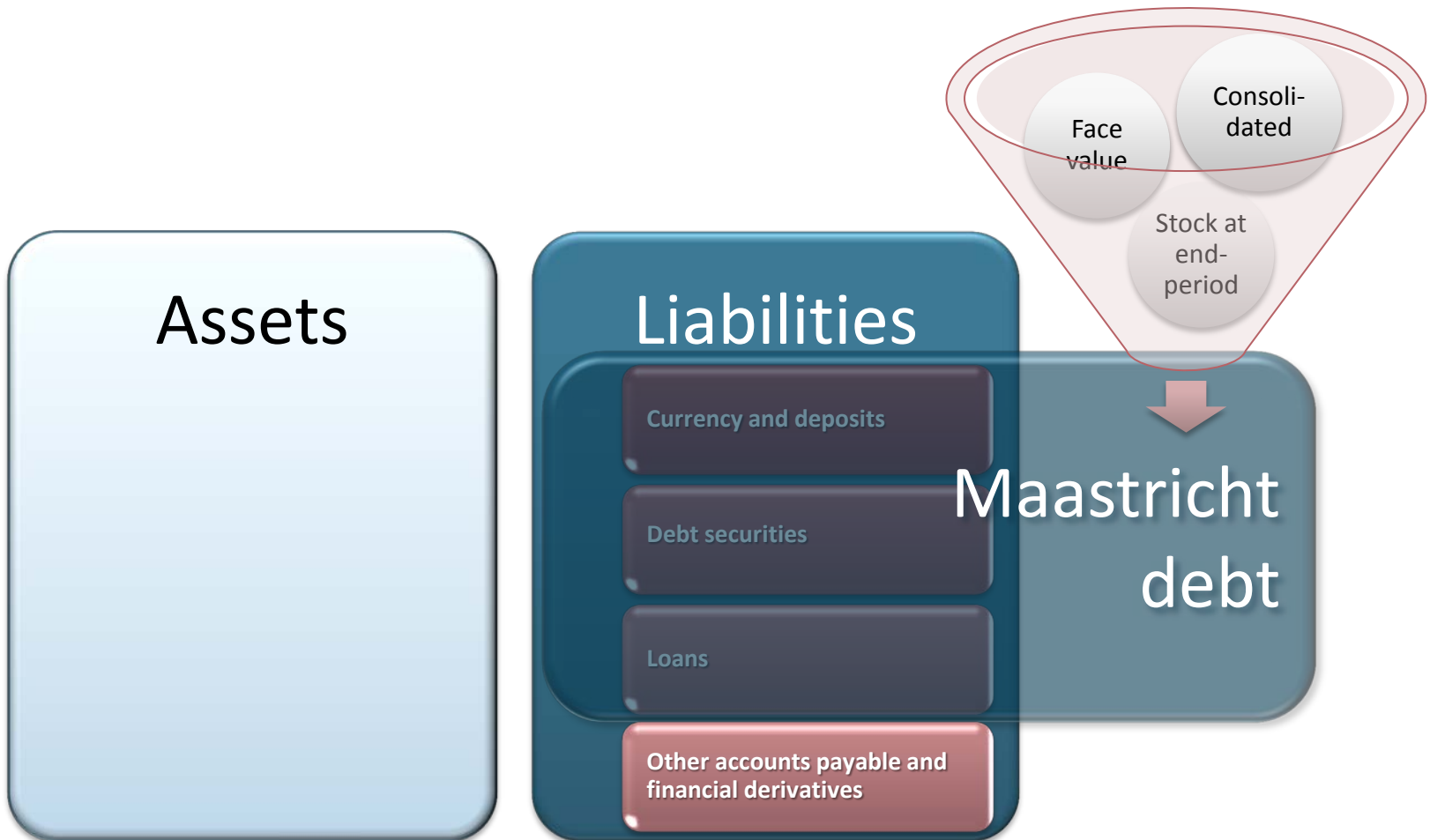


European definition of general government debt





European definition of general government debt – Eurostat





European definition of general government debt – Eurostat

- The calculation of the debt indicator uses ESA as a reference, but differs from the stocks accounts of ESA
- Maastricht debt is not fully integrated in the framework of national accounts. The main differences:
 1. Maastricht debt excludes some financial instruments
 2. Maastricht debt is an end-of-a-period position at face value
 3. Maastricht debt is a gross definition



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European definition of general government debt

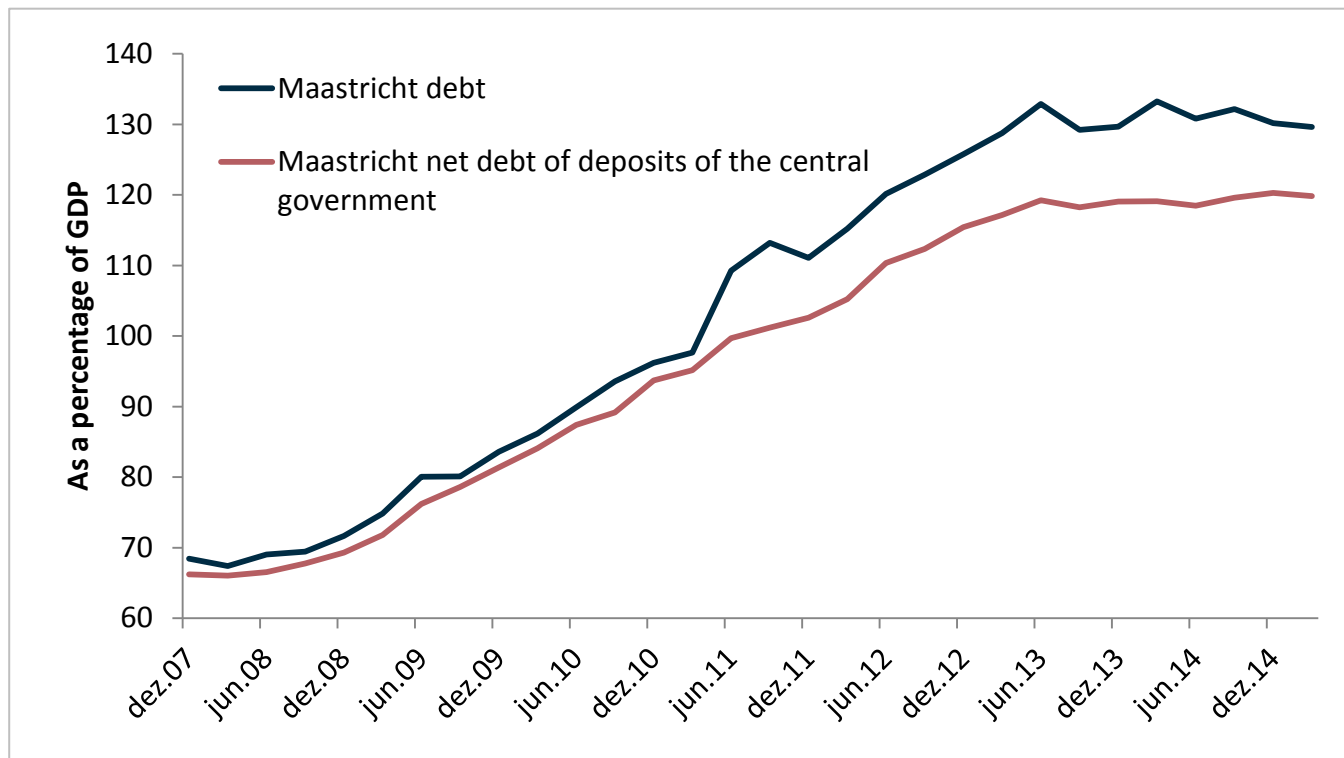
Maastricht debt and net debt

	Financial assets	Liabilities	Net financial assets
AF1 Monetary gold and SDRs			
AF2 Currency and deposits		Maastricht debt	Net debt
AF3 Debt securities			
AF4 Loans			
AF5 Equity and investment fund shares			
AF6 Insurance pension and standardised guarantee schemes			
AF7 Financial derivatives and employee stock options			
AF8 Other accounts receivable/ payable			



Example of net debt used in Portugal

Maastricht debt and Maastricht net debt of deposits of central government





Wider definitions of general government debt

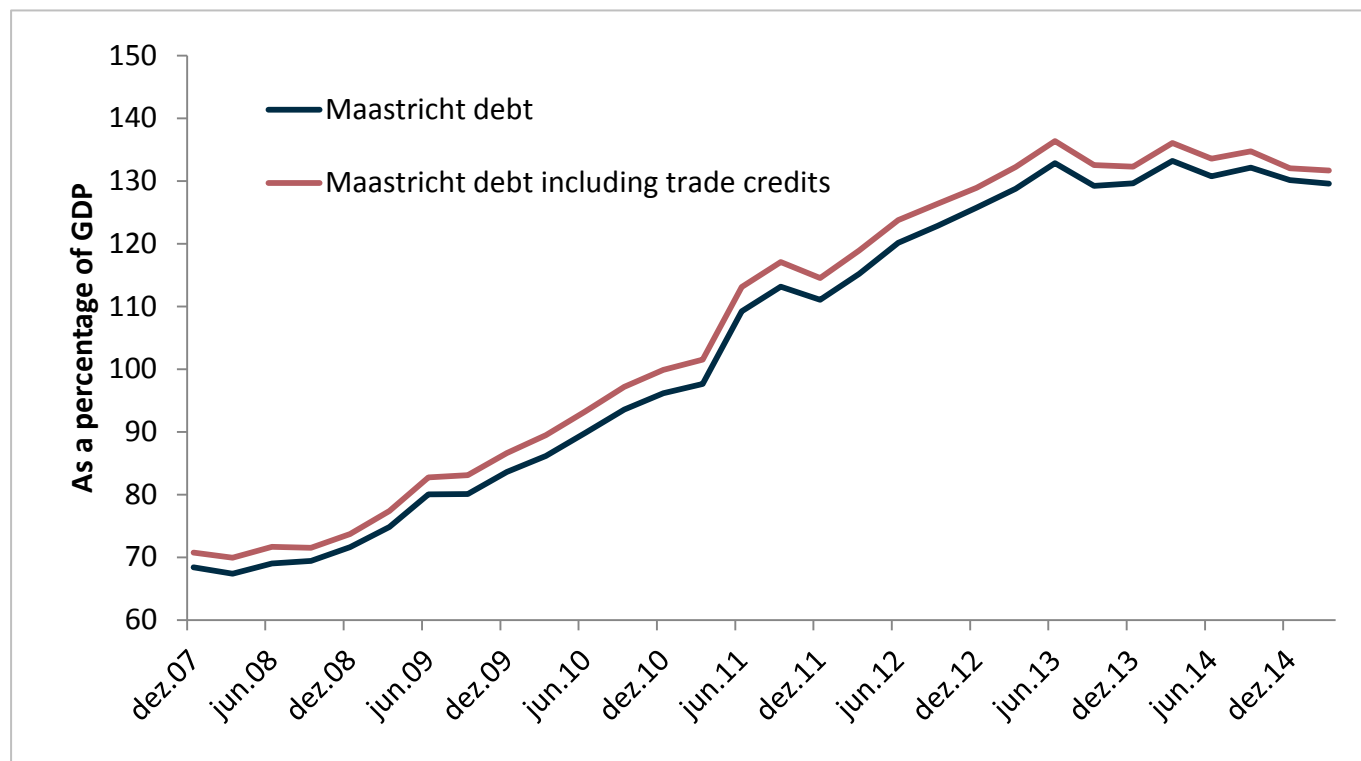
IMF – Public Sector Debt definition

	Financial assets	Liabilities	Net financial assets
AF1 Monetary gold and SDRs			
AF2 Currency and deposits		Total gross debt	Total net debt
AF3 Debt securities			
AF4 Loans			
AF5 Equity and investment fund shares			
AF6 Insurance pension and standardised guarantee schemes			
AF7 Financial derivatives and employee stock options			
AF8 Other accounts receivable/ payable			



Wider definitions of general government debt

Maastricht debt and Maastricht debt including trade credits, for Portugal





Wider definitions of general government financial position

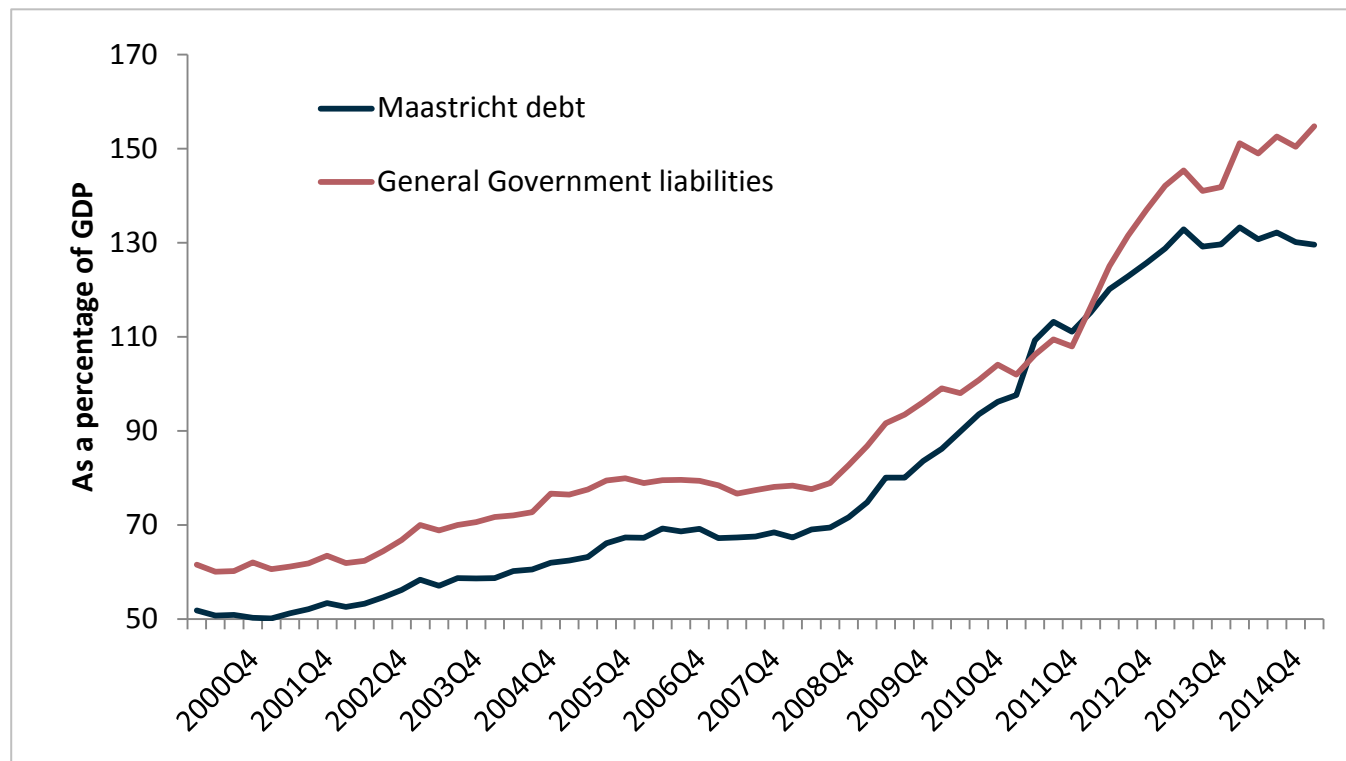
Financial accounts

	Financial assets	Liabilities	Net financial assets
AF1 Monetary gold and SDRs		Total liabilities	Net financial worth
AF2 Currency and deposits			
AF3 Debt securities			
AF4 Loans			
AF5 Equity and investment fund shares			
AF6 Insurance pension and standardised guarantee schemes			
AF7 Financial derivatives and employee stock options			
AF8 Other accounts receivable/ payable			



Wider definitions of general government financial position

General government liabilities and Maastricht debt, for Portugal

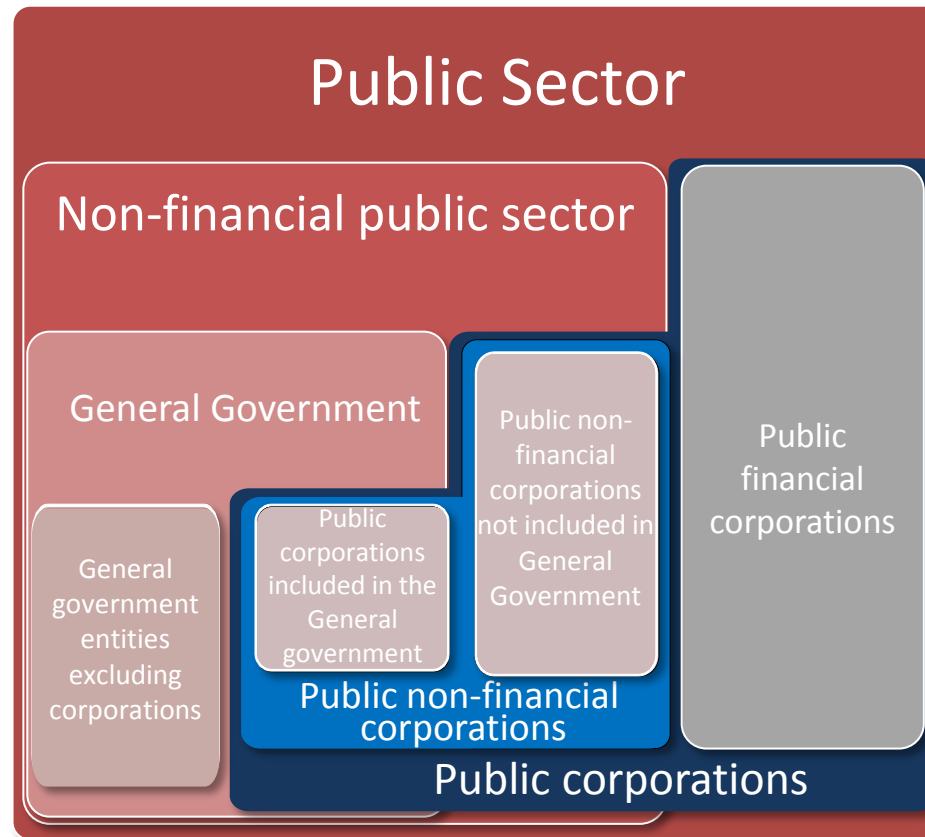




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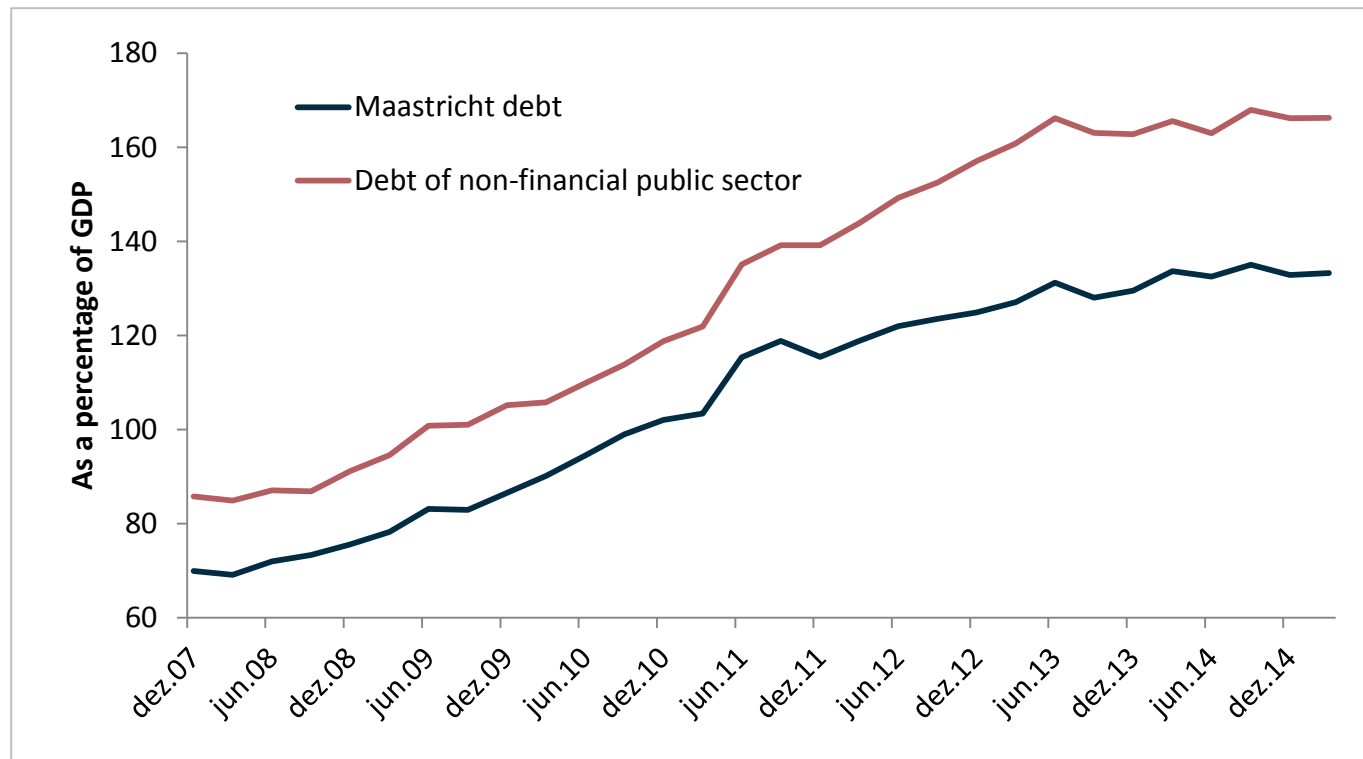


Delimitation of the public sector



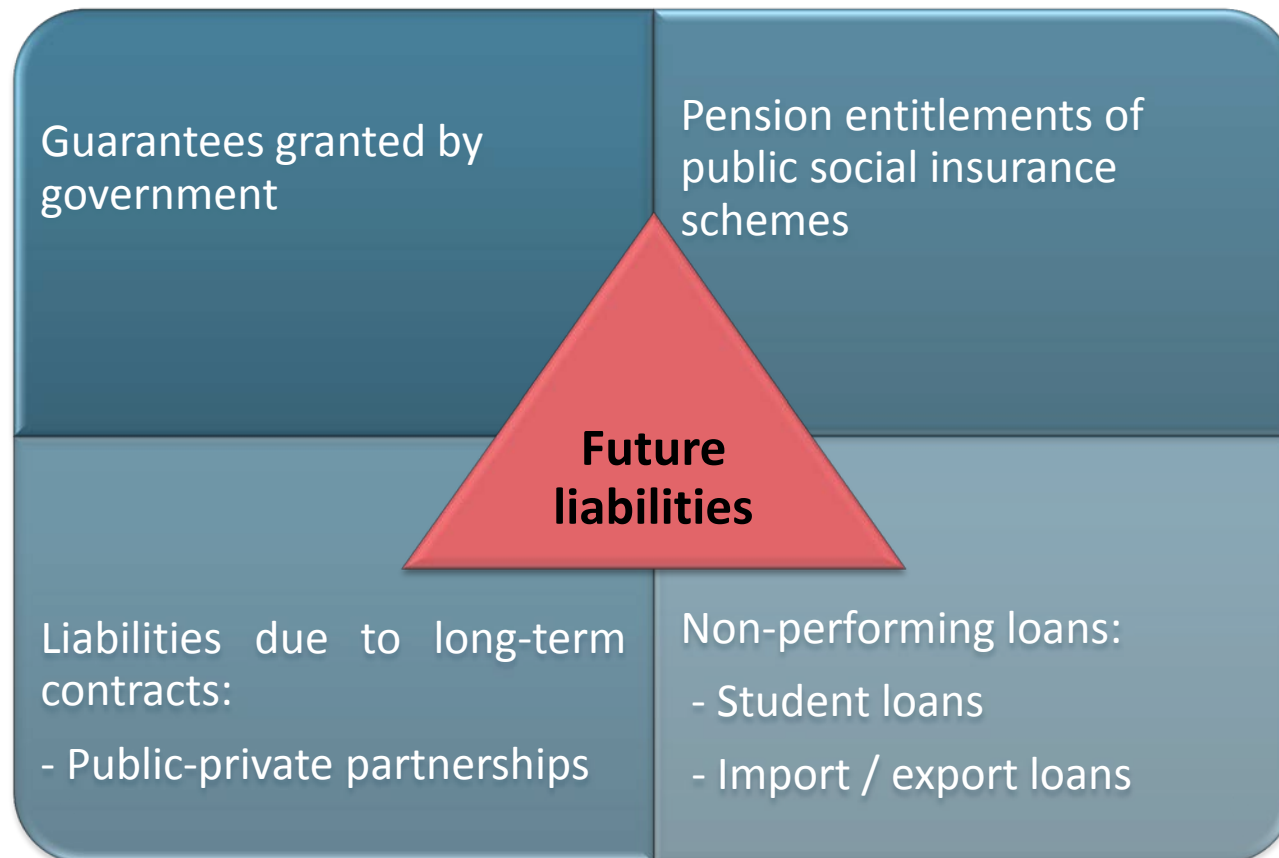


Maastricht debt and debt of non-financial public sector, for Portugal



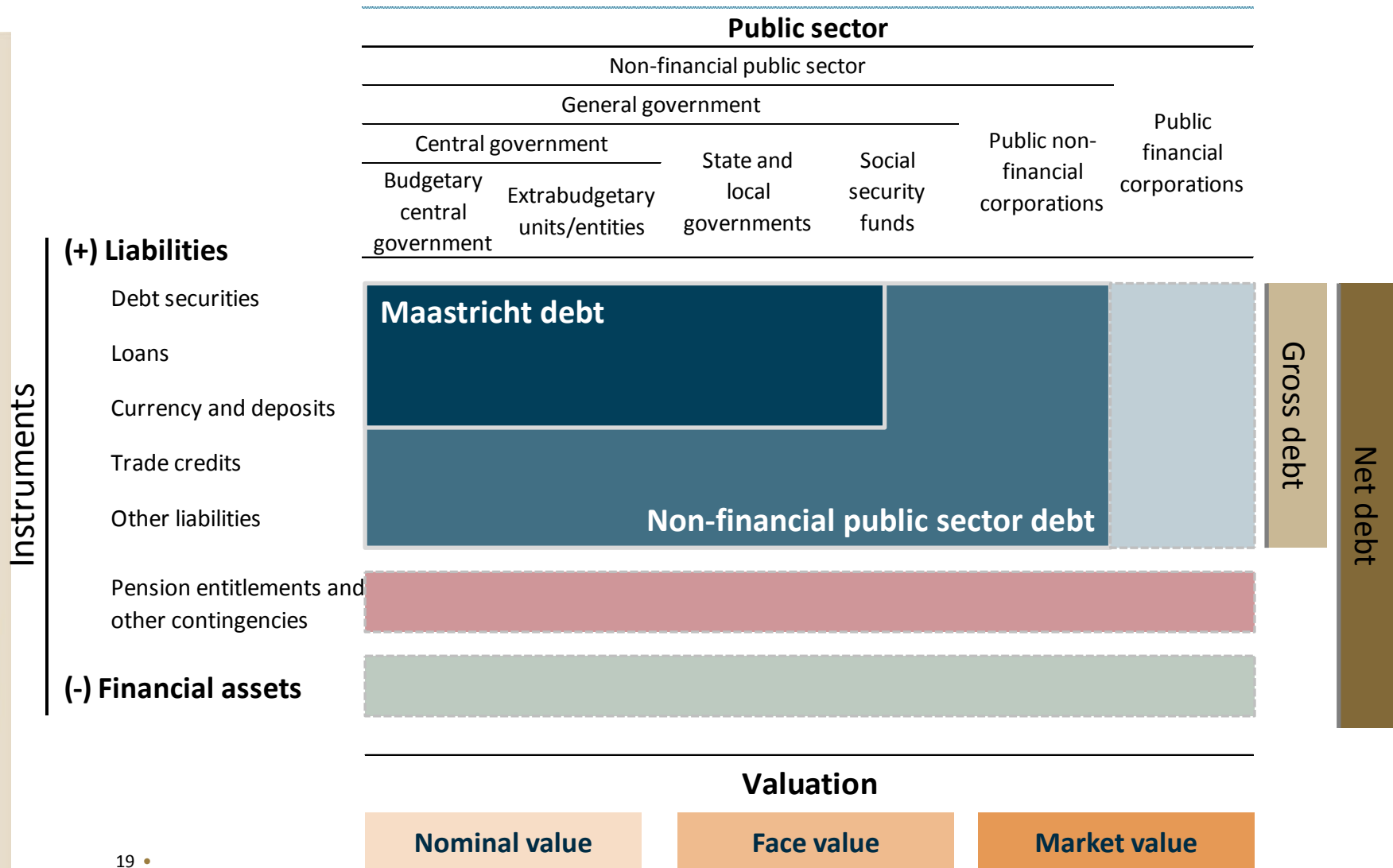


Future liabilities of the general government sector





Summary: “Layers” of government debt





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Conclusion

- The definition of **public debt is not a closed concept**
- The definition of **debt used in the European Union is one of the most restrictive concepts** in terms of sector delimitation, valuation, instrument coverage and netting
- The **concept might be enlarged** by including all of the public sector and not only the general government
- An important challenge also to take into account: the **treatment of future liabilities of governments**, namely pension entitlements of public social insurance schemes, guarantees granted, and other off-balance-sheet liabilities.



**THANK YOU FOR YOUR
ATTENTION!**

Obrigado pela vossa atenção!

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