

## 5 Foreign debt of the European Union countries

### Introduction

A lot of attention was devoted to the issues of growing external debt in Polish and foreign literature, particularly after the outbreak of the debt crises of the early 1980's. The research focused on the external obligations (gross foreign debt)<sup>1</sup> of the developing countries, because their level was deemed to have been both a threat to their economic growth and development, as well as to the stability of the global financial system. On the other hand, significant external debt of the developed countries, which simultaneously were holding large foreign assets, was treated as a demonstration of the increasing financial openness of their economies, well-developed financial markets and progressing international economic integration.<sup>2</sup>

Deepening global inequalities of structural nature and the outbreak of the last global financial and economic crisis were the reasons for increased interest in the possibility of the negative influence that foreign debt exerts also on the economies of developed countries, including the European Union countries, which felt the effects of the financial crisis

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<sup>1</sup> The concept does not comprise the balance of equity and reinvested profits, stocks and derivatives. Cf. *Międzynarodowa pozycja inwestycyjna Polski w 2012 roku*, NBP, Warszawa 2013, p. 5.

<sup>2</sup> Cf. C. Pattillo, H. Poirson, L. Ricci, *What Are the Channels Through Which External Debt Affects Growth?*, IMF Working Paper 2004, No. 04/15; W. R. Easterly, *How Did Highly Indebted Poor Countries Become Highly Indebted? Reviewing Two Decades of Debt Relief*, "World Development" 2002, Vol. 30, No. 10, pp. 1677–1696; D. Cohen, *Growth and External Debt: A New Perspective on the African and Latin American Tragedies*, Centre for Economic Policy Research Discussion Paper 1997, No. 1753, pp. 1–17; G.C. da Costa, *External Debt of Developing Countries. Crisis of Growth*, "Economic and Political Weekly" 1991, No. 8, Vol. 26, pp. 433–438.

particularly hard in the form of decelerating economic growth and recession.<sup>3</sup>

The objective of the paper is the identification and attempt at evaluation of the most important trends in the foreign debt of the European Union (EU) countries in the period from 2004 to 2012. In the article the author does not attempt to determine the reasons for the identified trends, since they are a result of the impact of a series of various factors (external and internal ones) that differ in individual countries, determining the indebtedness in the global market of the old and new EU states accepted in 2004 and later. Determining the strength and direction of the impact of such factors on the observed trends in the foreign debt of 27 EU countries exceeds the scope of this paper.

This objective determined the structure of the article. In the first part the extent and dynamics of the foreign debt in the analysed countries were presented, while in the second part the weight of indebtedness of these economies was evaluated.

An analytical and descriptive method was used in the articles, based on the literature on the subject and the statistical data of the Eurostat and the World Bank.

### **1. The extent and dynamics of the EU countries' foreign debt**

The overall gross foreign debt of EU-27 countries grew in the course of 2004–2012 from 14.0 b euro to 30.2 b euro, i.e. nearly twofold, and in relation to 2000 – more than fivefold (cf. Table 1). For comparison, in 2012, overall total foreign debt of developing countries, comprising 124 states, stood at “merely” about 3.6 b euro (4.8 b USD), which was more than eight times lower, while the rate of developing countries' foreign debt growth during 200–2012 was two times lower than in the EU countries.<sup>4</sup>

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<sup>3</sup> Cf. J. Diz Dias, *External Debt Statistics of the Euro Area*, Bank for International Settlements, Switzerland 2010, pp. 2, 13.

<sup>4</sup> Own calculations on the basis of *World Developments Indicators*, World Data-Bank, <http://databank.worldbank.org/data/views/reports/tableview.aspx> (July 2014).

Table 1

Gross foreign debt of the EU countries in the period of 2000–2012

Years	Billion €	2000 = 100%	Number of countries*
2000	5870.2	100.0	10
2001	7520.6	128.1	12
2002	9063.7	154.4	15
2003	9830.3	167.5	18
2004	14047.0	239.3	20
2005	19984.3	340.4	23
2006	23153.2	394.4	25
2007	26127.2	445.1	25
2008	26756.2	455.8	26
2009	26502.9	451.5	27
2010	27962.6	476.3	27
2011	29925.3	509.8	27
2012	30235.2	515.1	27

\* EU countries for which the data on foreign debt in individual years of the analysed period were available.

Source: own work on the basis of *Balance of Payments Statistics and International Investment Positions*, Eurostat, <http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/searchdatabase> (July 2014).

In the analysed period, all EU countries recorded foreign debt growth, but its extent differed significantly in individual countries. “Old” EU member countries (EU-15) had the largest liabilities, with the UK, Germany and France leading in this regard. In the group of “new” members (EU-12), Poland and Hungary demonstrated the highest indebtedness (cf. Table 2).

Therefore, the growth of absolute scope of EU’s foreign debt in total during 2004–2012 resulted above all from an increasing debt of “old” EU member countries, whose share of total EU foreign debt constituted approximately 97% and more. The impact of the EU expansion by 12 new states was very small, because their external debt in the entire analysed period was only 1.9% to 3% of total EU debt (cf. Table 3). However, EU-12 countries as a group demonstrated a higher rate of foreign debt growth during 2004–2012 than EU-15 countries in general, and Romania, Latvia

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and Lithuania had the highest average annual debt dynamics in all of the European Union (cf. Figure 1).

Table 2  
Gross foreign debt of EU countries in the period of 2004–2012  
(billion euro)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
United Kingdom	UK	4963.5	6263.5	6865.2	7634.8	6698.5	6543.6	7039.0	7720.4	7398.1
Germany	DE	2772.0	3033.1	3203.6	3475	3681.4	3547.4	3912.3	4121.5	4332.7
France	FR	.	2576.0	2900.4	3296.5	3506.1	3584.8	3850.6	3997.8	4070.6
Luxembourg	LU	785.9	1063.1	1240.2	1376.6	1532.7	1305.7	1301.6	1923.9	2224.2
Italy	IT	1144.3	1338.9	1493.9	1758.6	1696.9	1763.9	1829.0	1825.1	1907
Netherlands	NL	1226.8	1414.8	1592.7	1766.0	1729.4	1682.7	1802.8	1918.8	1897.7
Spain	ES	906.9	1144.4	1370.3	1530.3	1672.0	1757.4	1715.3	1743.9	1726.5
Ireland	IE	814.4	1132.7	1338.7	1540.2	1805.0	1757	1725.6	1728.9	1645.1
Belgium	BE	.	.	824.6	1081.7	1158.5	1028.5	1006.9	1076.6	1004.3
Sweden	SE	415.3	470.9	521.6	584.8	608.0	646.7	721.8	781.0	790.9
Austria	AT	364.2	437.9	498.6	555.0	596.5	577.6	598.3	612.4	615.4
Denmark	DK	.	303.7	341.8	387.3	414.9	422.5	450.1	441.9	444.9
Finland	FI	167.0	186.8	202.4	217.8	244.9	284.8	338.9	408.0	444.9
Greece	EL	.	.	.	.	364.4	416.8	407.2	370.2	437.5
Portugal	PT	245.0	273.6	300.9	333.7	351.6	382.9	394.7	371.8	383.0
Poland	PL	95.2	112.3	128.9	158.6	174.5	194.6	236.5	247.8	278.3
Hungary	HU	59.8	71.7	86.9	103.8	122.6	137.3	138.7	131.2	123.7
Romania	RO	21.7	30.9	41.2	58.7	71.7	81.1	93.0	99.4	99.4
Czech Republic	CZ	.	43.1	48.7	59.2	69.5	72.9	85.2	88.4	92.1
Cyprus	CY	.	.	41.0	51.9	76.8	91.7	85.6	83.7	79.5
Slovakia	SK	.	.	.	.	.	46.5	49.9	53.8	54.1
Slovenia	SI	15.3	20.5	24.1	34.8	39.2	40.3	40.7	40.1	40.8
Bulgaria	BG	12.6	15.5	20.7	29.0	37.2	37.8	37.0	36.3	37.6
Malta	MT	12.1	17.6	21.1	27.8	32.3	30.0	33.0	33.6	35.2
Latvia	LV	9.9	12.9	18.3	27.1	29.5	28.8	29.7	29.6	30.3
Lithuania	LT	7.7	10.6	14.4	20.5	23.0	22.4	23.0	24.0	24.8
Estonia	EE	7.5	9.7	12.9	17.4	19.0	17.2	16.4	15.3	16.6

Source: own work on the basis of *Balance of Payments Statistics...*

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**Table 3**  
**Gross foreign debt of EU by countries in the period of 2004–2012 (%)**

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
United Kingdom	UK	35.3	31.3	29.7	29.2	25.0	24.7	25.2	25.8	24.5
Germany	DE	19.7	15.2	13.8	13.3	13.8	13.4	14	13.8	14.3
France	FR	.	12.9	12.5	12.6	13.1	13.5	13.8	13.4	13.5
Luxembourg	LU	5.6	5.3	5.4	5.3	5.7	4.9	4.7	6.4	7.4
Italy	IT	8.1	6.7	6.5	6.7	6.3	6.7	6.5	6.1	6.3
Netherlands	NL	8.7	7.1	6.9	6.8	6.5	6.3	6.4	6.4	6.3
Spain	ES	6.5	5.7	5.9	5.9	6.2	6.6	6.1	5.8	5.7
Ireland	IE	5.8	5.7	5.8	5.9	6.7	6.6	6.2	5.8	5.4
Belgium	BE	.	.	3.6	4.1	4.3	3.9	3.6	3.6	3.3
Sweden	SE	3.0	2.4	2.3	2.2	2.3	2.4	2.6	2.6	2.6
Austria	AT	2.6	2.2	2.2	2.1	2.2	2.2	2.1	2.0	2.0
Denmark	DK	.	1.5	1.5	1.5	1.6	1.6	1.6	1.5	1.5
Finland	FI	1.2	0.9	0.9	0.8	0.9	1.1	1.2	1.4	1.5
Greece	EL	.	.	.	.	1.4	1.6	1.5	1.2	1.4
Portugal	PT	1.7	1.4	1.3	1.3	1.3	1.4	1.4	1.2	1.3
Total UE-15		98.2	98.3	98.3	97.7	97.3	96.9	96.9	97.0	97.0
Poland	PL	0.7	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.9
Hungary	HU	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.4
Czech Republic	CZ	.	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Cyprus	CY	.	.	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Romania	RO	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Slovakia	SK	.	.	.	.	.	0.2	0.2	0.2	0.2
Bulgaria	BG	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Estonia	EE	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Latvia	LV	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Lithuania	LT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Malta	MT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Slovenia	SI	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Total UE-12		1.9	1.9	2.2	2.2	2.7	3.0	3.0	2.9	3.0

Source: own work on the basis of *Balance of Payments Statistics...*

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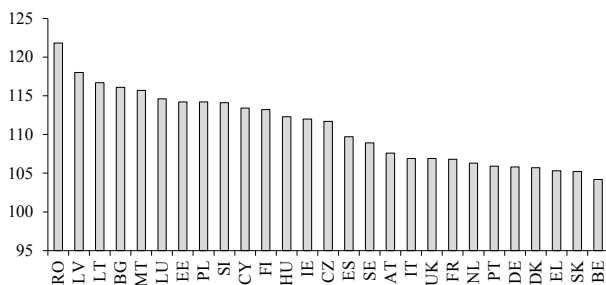


Figure 1. Average annual gross foreign debt growth in the EU countries in the period of 2004–2012 (%)

Source: own work on the basis of Table 2.

An analysis of changes in the foreign debt of EU countries in individual years of the studied period shows that the rate of foreign debt growth in the majority of countries fell significantly after 2008, which was a consequence of changes in the conditions of management (a change of currency exchange rate, loss of banking sector liquidity, reduction of spending, etc.) related to the outbreak of current financial and economic crisis.

Table 4

Changes in gross foreign debt in EU countries in the period of 2004–2012 (previous year = 100; %)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	2	3	4	5	6	7	8	9	10	11
Belgium	BE	.	.	.	131.2	107.1	88.8	97.9	106.9	93.3
Bulgaria	BG	118.9	123.0	133.5	140.1	128.3	101.6	97.9	98.1	103.6
Czech Republic	CZ	.	.	113.0	121.6	117.4	104.9	116.9	103.8	104.2
Denmark	DK	.	.	112.5	113.3	107.1	101.8	106.5	98.2	100.7
Germany	DE	.	109.4	105.6	108.5	105.9	96.4	110.3	105.3	105.1
Estonia	EE	133.9	129.3	133.0	134.9	109.2	90.5	95.3	93.3	108.5
Ireland	IE	127.9	139.1	118.2	115.1	117.2	97.3	98.2	100.2	95.2
Greece	EL	.	.	.	.	.	114.4	97.7	90.9	118.2
Spain	ES	116.9	126.2	119.7	111.7	109.3	105.1	97.6	101.7	99.0

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1	2	3	4	5	6	7	8	9	10	11
France	FR	.	.	112.6	113.7	106.4	102.2	107.4	103.8	101.8
Italy	IT	107.1	117.0	111.6	117.7	96.5	103.9	103.7	99.8	104.5
Cyprus	CY	.	.	.	126.6	148.0	119.4	93.3	97.8	95.0
Latvia	LV	130.3	130.3	141.9	148.1	108.9	97.6	103.1	99.7	102.4
Lithuania	LT	114.9	137.7	135.8	142.4	112.2	97.4	102.7	104.3	103.3
Luxembourg	LU	108.5	135.3	116.7	111.0	111.3	85.2	99.7	147.8	115.6
Hungary	HU	130.0	119.9	121.2	119.4	118.1	112.0	101.0	94.6	94.3
Malta	MT	118.6	145.5	119.9	131.8	116.2	92.9	110.0	101.8	104.8
Netherlands	NL	110.4	115.3	112.6	110.9	97.9	97.3	107.1	106.4	98.9
Austria	AT	112.3	120.2	113.9	111.3	107.5	96.8	103.6	102.4	100.5
Poland	PL	111.6	118.0	114.8	123.0	110.0	111.5	121.5	104.8	112.3
Portugal	PT	105.9	111.7	110.0	110.9	105.4	108.9	103.1	94.2	103.0
Romania	RO	121.2	142.4	133.3	142.5	122.1	113.1	114.7	106.9	100.0
Slovenia	SI	.	134.0	117.6	144.4	112.6	102.8	101.0	98.5	101.7
Slovakia	SK	.	.	.	.	.	.	107.3	107.8	100.6
Finland	FI	113.5	111.9	108.4	107.6	112.4	116.3	119.0	120.4	109.0
Sweden	SE	112.1	113.4	110.8	112.1	104.0	106.4	111.6	108.2	101.3
United Kingdom	UK	116.8	126.2	109.6	111.2	87.7	97.7	107.6	109.7	95.8

Source: own work on the basis of Table 2.

## 2. Foreign debt indicators

The so-called debt indicators are used to evaluate the impact of foreign debt on external balance. The most frequently used indicators include: foreign debt to GDP ratio, debt to export ratio, the ratio of short-term debt to foreign currency reserves and – auxilarily – debt per capita. Owing to lack of statistical data, the evaluation does not account for – even though they belong to the above-listed evaluation ratios – debt service ratios, representing the ability of the analysed countries to pay off the principal debt amount and interest in the long term.<sup>5</sup>

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<sup>5</sup> Cf. *External Debt Statistics: Guide for Compilers and Users*, IMF, Washington 2014, pp. 165–168; *Debt- and Reserve-related Indicators of External Vulnerability*, IMF, Washington 2000, p. 6. On the basis of these ratios the World Bank classified debtor countries, although the assumed critical (threshold) values of the measures are frequently recognized as being relative, established in an arbitrary fashion and failing to reflect the specific characteristics of the analysed countries' economies.

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Considering gross foreign debt to GDP ratio, it can be concluded that during the studied period the average ratio in EU-27 was approximately 345% per annum, while in developing countries – 24%.<sup>6</sup> “Old” EU countries recorded especially high values of the ratio. In 2012, foreign debt exceeded GDP in all EU-15 countries: in 4 of them (Luxembourg, Ireland, Great Britain and the Netherlands) by as much as 52, 10, 4 and 3 times respectively, while in the remaining 11 states – from 22% to 167%. On the other hand, the values of the analysed ratio were lower in “new” EU member countries, particularly in former socialist states, which was due to the processes of clearing their debts (debt restructuring, debt relief, debt conversion and debt buyback in the aftermarket)<sup>7</sup> conducted at that time. In 7 of the states, external obligations did not exceed the value of their GDP, in 3 states (Slovenia, Hungary and Latvia) they were from 16% to 36% higher, whereas in 2 countries (Malta and Cyprus) they exceeded GDP by over 5 and 4 times respectively (cf. Table 5). In the entire analysed period, all EU countries exceeded the threshold value of the studied ratio, which is most often defined at 50%,<sup>8</sup> except for the Czech Republic (in the period from 2005 to 2008), Poland (in the period from 2004 to 2006 and in 2008) as well as Romania (in the period from 2004 to 2007).

The presented comparison of foreign debt to GDP ratio demonstrates a potential capability of its repayment. Debt to export (of goods, services and income on equity) ratio is a more important measure, since it represents real possibilities of debt repayment and its servicing. Average value of the ratio was also high and during the analysed period it amounted to approximately 358% per annum (in developing countries – 73%);

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<sup>6</sup> Own calculations on the basis of *International Debt Statistics 2014*, World Bank, Washington 2014, p. 2 and Table 5.

<sup>7</sup> Cf. P. Jachowicz, *Polska w kryzysie zadłużeniowym*, Kwartalnik Kolegium Ekonomiczno-Społecznego “Studia i Prace” 2011, nr 3 (7), pp. 99–103.

<sup>8</sup> Cf. B. Clements, R. Bhattacharya, T.Q. Nguyen, *External Debt, Public Investment, and Growth in Low-income Countries*, IMF Working Paper 2003, No. 03/249, p.11; *Debt- and Reserve...*, p. 30; D. Cohen, *op.cit.*



Table 5  
Gross foreign debt to GDP ratio in EU countries  
in the period of 2004–2012 (%)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
Luxembourg	LU	2863.5	3512.1	3656.9	3671.2	4101.2	3670.1	3311.8	4610.3	5182.5
Ireland	IE	542.9	695.3	753.9	812.1	1001.4	1082.7	1091.5	1063.3	1003.5
Malta	MT	259.5	356.6	405.7	497.8	541.8	503.0	516.9	506.4	513.7
Cyprus	CY	.	.	279.5	326.5	447.4	544.1	491.9	465.6	444.3
United Kingdom	UK	277.7	335.5	346.8	365.9	364.8	411.3	406.5	436.0	382.8
Netherlands	NL	249.8	275.6	294.8	308.9	290.9	293.5	307.2	320.3	316.6
Belgium	BE	.	.	258.6	322.1	334.5	301.9	283.0	291.6	267.2
Portugal	PT	164.1	177.4	187.1	197.1	204.4	227.2	228.3	217.3	232.0
Finland	FI	109.7	118.6	122.1	121.1	131.9	165.3	189.6	216.1	231.3
Greece	EL	.	.	.	.	156.3	180.4	183.3	177.5	225.8
Austria	AT	155.2	178.6	192.5	202.5	211.0	209.1	209.8	204.6	200.5
France	FR		149.9	161.3	174.7	181.4	190.1	198.8	199.7	200.3
Sweden	SE	142.4	157.8	163.9	173.1	182.4	221.1	206.3	202.6	193.9
Denmark	DE	.	146.5	156.2	170.2	176.4	189.0	190.4	183.7	181.4
Spain	ES	107.8	125.9	139.0	145.3	153.7	167.9	164.0	166.7	167.8
Germany	DE	126.2	136.4	138.5	143.1	148.8	149.4	156.8	157.9	162.5
Latvia	LV	89.1	100.0	114.3	128.8	129.0	155.7	164.6	146.4	136.3
Hungary	HU	72.8	80.8	97.0	104.4	116.1	150.2	144.2	132.6	127.6
Italy	IT	81.9	93.2	100.1	113.2	107.7	116.1	117.9	115.5	121.7
Slovenia	SI	56.4	71.3	77.5	100.5	105.3	113.8	114.8	110.9	115.7
Estonia	EE	77.0	86.5	96.7	108.3	117.2	123.2	114.3	94.0	95.4
Bulgaria	BG	61.6	66.7	78.1	94.3	105.1	108.3	102.7	94.3	94.9
Slovakia	SK	.	.	.	.	.	74.1	75.7	78.0	76.0
Romania	RO	35.5	38.7	42.1	47.1	51.3	68.6	74.8	75.6	75.5
Lithuania	LT	42.1	50.5	59.9	71.5	71	83.9	82.9	77.4	75.4
Poland	PL	46.6	46.0	47.4	51.0	48.1	62.6	66.7	66.8	73.0
Czech Republic	CZ	.	41.2	41.2	44.9	45.0	51.3	56.8	56.9	60.2

Source: own work on the basis of *Balance of Payments Statistics...*

however its highest value was recorded in 2009.<sup>9</sup> In the subsequent years the analysed ratio featured a distinct improvement in 25 member states (with the exception of Luxembourg and Finland – cf. Table 6). It seems

<sup>9</sup> Own calculations on the basis of *International Debt...*, and Table 7.

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that the improvement resulted not only from the signalled deceleration of debt rise, but from an export increase related to the fact that the majority of commercial partners of the analysed countries were overcoming the recession.

In the literature of the subject it is assumed that external debt ought not to exceed the level of 275% of revenue on exports in a given year.<sup>10</sup> A situation like that occurred in the analysed period in all “new” member countries, except for Cyprus and Malta, where the ratio exceeded the threshold value. In the “old” EU, the threshold value of the ratio was exceeded by all countries; particularly high values were recorded in Great Britain (where the ratio was 9 times higher), Greece and Luxembourg (over 8 times) and Ireland (over 7 times). The lowest values of the measure were observed in Germany, Belgium and Denmark (cf. Table 6).

Table 6  
Gross foreign debt to export ratio in EU countries  
in the period 2004–2012 (%)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	2	3	4	5	6	7	8	9	10	11
United Kingdom	UK	770.4	835.5	768.6	793.7	781.5	1033.2	1015.4	987.6	925.6
Greece	EL	.	.	.	.	612.9	894.7	821.4	709.7	819.5
Luxembourg	LU	784.4	855.6	795.0	750.3	774.4	861.3	774.2	901.9	810.8
Cyprus	CY	.	.	482.8	524.3	740.9	951.5	895.0	784.4	773.4
Ireland	IR	515.7	649.7	648.7	650.0	774.6	877.2	806.2	773.2	704.9
France	FR	.	446.3	447.7	475.0	495.9	562.9	559.4	533.0	543.1
Portugal	PT	497.6	537.9	490.8	490.8	505.8	676.2	592.6	514.3	534.6
Finland	FI	232.5	239.9	225.2	217.9	236.9	375.3	392.8	447.4	476.6
Spain	ES	369.2	430.1	444.5	444.9	486.5	589.4	512.8	471.8	458.6
Malta	MT	280.8	376.2	361.1	404.2	421.0	459.2	437.1	408.1	391.2
Italy	IT	283.6	309.1	306.9	331.3	326.9	422.9	391.2	355.2	362.1

<sup>10</sup> Cf. W. Czepiel, *Obsługa zadłużenia zagranicznego Polski a deficyt płatności bieżących*, “Bank i Kredyt” 2000, nr 5, p. 13; K. Nowacka-Bandos, *Zadłużenie zagraniczne Polski na tle krajów Unii Europejskiej i czynniki jego wzrostu*, “Studia i Prace Wydziału Nauk Ekonomicznych i Zarządzania” 2013, nr 33, Szczecin 2013, p. 159. On the basis of this ratio the World Bank classified debtor countries, although the adopted measures were recognized as relative and they were subject to change.

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### *Foreign debt of the European Union countries*

1	2	3	4	5	6	7	8	9	10	11
Sweden	SE	268.9	275.0	261.5	264.0	270.6	381.2	343.6	337	333.1
Netherlands	NE	324.3	334.2	328.3	335.8	330.9	388.9	351.8	342.1	324.0
Austria	AT	269.1	289.8	297.8	292.8	305.5	358.7	328.3	300.5	301.4
Denmark	DK	.	250.0	251.5	269.6	269.4	340.3	325.7	294.1	287.0
Belgium	BE	.	.	262.7	312.5	323.0	344.5	302.2	299.9	273.4
Germany	DE	281.3	280.0	255.6	250.1	265.5	298.1	281.2	266.0	271.5
Latvia	LV	188.6	191.8	230.9	276.0	272.5	322.2	288.1	233.9	208.4
Romania	RO	97.8	111.9	123.9	151.1	160.5	217.2	207.2	184.7	181.3
Poland	PL	117.4	116.5	110.2	118.1	114.3	153.0	151.8	143.2	150.8
Slovenia	SI	94.5	111.0	110.8	137.3	146.7	186.6	168.6	147.3	149.0
Bulgaria	BG	100.5	108.8	118.5	151.9	172.9	217.1	174.7	138.3	138.0
Hungary	HU	107.1	114.1	118.9	122.6	135.6	183.1	162.0	138.5	128.6
Estonia	EE	100.7	101.3	112.4	137.8	143.8	168.2	127.1	90.2	94.3
Lithuania	LV	79.0	85.7	98.9	128.3	114.6	150.9	119.1	97.6	88.1
Slovakia	SK	.	.	.	.	.	100.4	90.4	83.9	76.7
Czech Republic	CZ	.	60.8	58.0	61.9	65.1	82.3	80.7	74.6	73.3

Source: own work on the basis of *Balance of Payments Statistics*...

The ratio of short-term debt to foreign currency reserves demonstrates short-term liquidity, which is maintained if the ratio value does not exceed 100%.<sup>11</sup> The situation occurred in the course of the entire analysed period in only five “new” EU countries (Romania, Poland, Hungary, the Czech Republic and Bulgaria) and in Slovakia in 2004–2005. On the other hand, “old” EU countries recorded a slight excess of the measure. It was very high in Luxembourg and Ireland (for instance in 2012 it amounted to as much as 122,695% and 40,071% respectively), while in the remaining countries the ratio oscillated from 353% to 23,773% (cf. Table 7). High values of the described ratio were the consequence of low foreign currency reserves. Highly developed countries with high financial credibility and advanced financial market do not accumulate such reserves, because they typically have no problem with accessing external financing sources. It is worth

<sup>11</sup> Cf. *Assessing Reserve Adequacy*, IMF, Washington 2011, p. 13.

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Table 7

The ratio of short-term gross foreign debt to foreign currency reserves  
in EU countries in the period of 2004–2012 (%)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
Luxembourg	LU	252,802	296,548	458,972	831,634	431,819	210,344	181,387	119,605	122,695
Ireland	IE	24,483	80,431	114,703	141,723	138,133	6,643	45,341	47,188	40,071
United Kingdom	UK	15,539	15,509	20,283	23,773	17,782	14,645	11,674	10,318	8,653
Cyprus	CY	.	.	.	..	10,284	11,191	9,206	7,368	7,165
Malta	MT	.	.	.	.	12,949	8,614	7,864	7,885	6,410
Estonia	EE	3,032	2,688	2,711	2,437	2,972	5,298	6,263	5,226	4,289
Greece	EL	2,902	3,448	2,627	4,031	6,174	4,993	5,115	4,405	3,929
Finland	FI	717	687	1,475	1,669	2,008	2,179	2,858	3,196	3,184
Belgium	BE	6,544	7,080	8,478	10,004	8,392	4,780	3,500	3,170	2,732
Netherlands	NL	4,084	3,489	4,583	6,288	5,225	3,541	2,609	2,560	2,305
Spain	ES	2,087	2,443	2,849	4,318	4,794	3,830	3,047	2,129	2,091
Slovenia	SI	184	220	352	2,182	2,349	1,854	1,408	1,410	1,907
France	FR	1,954	1,966	2,158	2,688	2,923	2,278	1,638	1,575	1,388
Portugal	PT	1,504	1,458	2,008	2,348	2,101	1,816	1,442	1,162	1,097
Slovakia	SK	79	99	109	135	879	2,395	1,851	1,586	1,096
Austria	AT	1,644	1,630	2,297	2,116	2,223	1,818	1,423	1,108	1,007
Germany	DE	1,719	1,325	1,636	1,887	1,710	1,315	1,105	955	992
Sweden	SE	1,052	941	1,234	1,578	1,418	892	827	827	832
Italy	IT	996	840	1,004	1,221	905	710	487	514	560
Denmark	DK	521	540	813	1,086	991	479	481	380	353
Latvia	LV	512	372	302	420	386	216	220	240	255
Lithuania	LT	143	152	129	147	375	318	225	172	154
Bulgaria	BG	.	62	91	115	144	138	117	96	89
Czech Republic	CZ	68	54	64	99	99	84	78	88	78
Hungary	HU	147	119	138	204	118	93	97	85	68
Poland	PL	66	52	64	101	116	98	70	59	51
Romania	RO	.	.	.	.	91	52	48	52	46

Source: own work on the basis of *Balance of Payments Statistics...*

mentioning that overall average annual value of the ratio for EU-27 was equal to 18,050%, while in the developing countries it was only 95.3%<sup>12</sup>.

The value of foreign debt per capita was evidently the lowest in countries with large population. In strongly populated Great Britain, Germany and France, being the leading gross EU debtors, in 2012 external debt per capita amounted to 146.4, 52.9 and 86.9 thou. euro respectively, whereas in less populated Austria and Ireland it stood at 4.5 m and 1.2 m euro respectively. A similar regularity was true for Poland and Hungary, which were the least indebted “new” EU members. Owing to nearly 4 times smaller population, in 2012, an average Hungarian faced 20 times higher external liabilities to repay than an average Pole, despite the fact that Poland’s external obligations were more than 2 times larger. It needs to be emphasised that the societies of “old” EU member states were more indebted than those of the “new” ones. Moreover, in all EU countries – except for Estonia – these burdens demonstrated a rising trend in the years under analysis (cf. Table 8).

Table 8  
Gross foreign debt per capita in EU countries (thousand euro)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	2	3	4	5	6	7	8	9	10	11
Austria	AT	3068.1	3513.6	3932.7	4353.9	4240.4	4095	4354.2	4623.7	4544.9
Ireland	IE	596.1	833.5	991.2	1146.9	1348.6	1315.4	1294.2	1300.3	1241.4
Hungary	HU	231.2	316.8	377	423.6	477.1	410.1	414.3	630.2	740.5
Malta	MT	131.4	155.5	185.2	218.1	253.3	278.3	276.3	256.3	235.7
Spain	ES	82.2	103.3	123.3	137.3	149.5	157.0	153.4	156.8	155.2
United Kingdom	UK	79.6	89.9	99.3	110.8	114.7	121.4	134.9	145.3	146.4
Greece	EL	.	.	.	.	81.7	93.7	91.1	81.0	95.5
Belgium	BE	.	.	78.4	102.2	108.6	95.7	92.9	97.9	90.5
France	FR	.	59.5	65.9	73.6	76.8	77.5	82.8	85.7	86.9
Sweden	SE	31.1	34.8	37.7	40.5	45.5	52.9	62.9	75.7	82.3
Denmark	DK	.	56.1	63	71.1	75.8	76.7	81.3	79.5	79.7

<sup>12</sup> Own calculations on the basis of *International Debt...*, and Table 8.

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1	2	3	4	5	6	7	8	9	10	11
Germany	DE	33.6	36.8	38.9	42.2	44.8	43.3	47.8	50.4	52.9
Poland	PL	22.4	26.9	30.5	33.9	36.4	35.0	36.1	36.8	36.8
Lithuania	LT	13.8	17.6	24.6	35.7	38.0	36.2	36.3	35.2	35.2
Portugal	PT	11.7	13.7	15.6	19.1	21.0	23.3	28.2	29.5	33.1
Cyprus	CY	18.9	22.0	24.3	28.5	27.3	28.2	29.1	28.9	30.1
Finlandia	FI	.	.	.	.	.	22.9	24.4	26.3	26.3
Luxembourg	LU	3.4	4.7	6.5	9.3	10.5	10.3	10.8	11.6	12.1
Romania	RO	6.4	7.2	7.9	8.8	9.2	10.0	10.3	9.7	9.9
Slovenia	SI	2.1	2.9	3.9	5.6	6.8	7.7	8.8	9.4	9.4
Czech Republic	CZ	.	4.2	4.8	5.8	6.7	7.0	8.1	8.4	8.8
Bulgaria	BG	1.6	2.0	2.7	3.8	5.0	5.1	5.0	4.9	5.1
Netherlands	NL	1.2	1.7	2.1	2.8	3.2	3.0	3.3	3.4	3.5
Slovakia	SK	0.7	1.0	1.1	1.6	1.9	2.0	2.0	2.0	2.0
Latvia	LV	.	.	0.7	0.9	1.3	1.6	1.4	1.4	1.3
Italy	IT	0.4	0.4	0.5	0.5	0.6	0.7	0.7	0.7	0.7
Estonia	EE	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2

Source: own work on the basis of *Balance of Payments Statistics...*

In the case of the studied group of countries, the assessment of debt weight also requires accounting for external claims. Thanks to that, in all the analysed countries the external imbalance decreased (cf. Table 9). Four countries appeared to be net creditors, as in the entire analysed period their receivables were higher than their obligations (Belgium, Ireland, Luxembourg and Malta). A similar situation took place in the Czech Republic in 2005–2009 and in 2012, in Germany in 2007–2012, Estonia in 2012, in Cyprus in 2004–2008, in Finland in 2004–2007 and in Slovenia in 2004. The remaining 17 countries were net debtors in the course of the analysed period. In that group in 12 countries net debt was 2–3 times lower than gross foreign debt, in 2 – from 6 to 8 times lower, and in 3 – as much as 10 to over 15 times lower (cf. Table 9).

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### Foreign debt of the European Union countries

Table 9

Net foreign debt of EU countries in the period of 2004–2012 (billion euro)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
Spain	ES	294.9	405.1	569.6	721.1	828.9	924.2	962.1	978.1	930.1
Italy	IT	400.1	464.9	545.7	643.2	639.7	687.4	803.5	791.7	886.7
France	FR	.	111.2	152.7	204.7	369.8	402.2	574.4	584.8	710.4
United Kingdom	UK	713.5	834.2	939.8	842.3	573.1	730.0	787.6	810.9	605.8
Sweden	SE	154.2	169.3	151.1	155.9	205.1	231.5	243.7	255.5	250.9
Greece	EL	99.0	114.4	131.7	154.5	177.9	203.7	228.6	205.0	235.4
Netherlands	NL	104.9	95.8	80.7	116.6	173.5	140.1	218.6	232.5	194.8
Portugal	PT	58.9	73.2	88.2	108.4	129.3	142.9	143.8	147.0	168.8
Poland	PL	36.7	37.4	48.7	67.7	90.1	104.7	117.8	123.4	141.2
Austria	AT	52.9	54.0	49.9	61.6	82.0	63.4	81.6	72.6	78.4
Finland	FI	-9.8	-7.9	-5.4	-3.7	12.1	32.1	39.4	50.0	70.2
Hungary	HU	27.8	32.2	40.4	50.1	57.3	60.1	58.5	47.0	54.8
Romania	RO	5.1	6.6	11.2	24.0	35.5	40.9	46.5	51.6	53.2
Denmark	DK	40.7	45.9	73.6	79.2	72.4	63.2	53.6	35.8	29.1
Slovakia	SK	.	.	.	.	11.7	14.0	14.0	15.1	15.9
Slovenia	SI	-0.9	0.9	3.4	7.1	11.5	13.2	14.3	13.4	14.6
Bulgaria	BG	0.5	2.6	4.1	10.1	17.3	17.3	15.7	13.5	11.4
Lithuania	LT	2.4	3.3	4.8	8.5	11.4	9.9	9.8	10.0	11.1
Latvia	LV	3.2	4.6	7.1	10.5	13.0	10.8	9.8	9.5	8.7
Cyprus	CY	-2.9	-3.6	-6.3	-3.1	-0.7	0.2	1.4	6.8	6.5
Estonia	EE	1.7	2.1	3.7	5.6	6.1	4.8	3.3	0.8	-0.3
Czech Republic	CZ	.	-15.7	-12.1	-10.1	-5.6	-1.9	0.1	1.3	-2.0
Malta	MT	-4.0	-4.2	-4.6	-4.7	-4.2	-4.9	-10.4	-10.2	-12
Germany	DE	283.7	217.1	4.2	-100.5	-40.1	-185.3	-147.1	-76.9	-251.6
Belgium	BE	-119.2	-114.3	-141	-133.4	-253.3	-359.3	-389.5	-398.8	-352.2
Ireland	IE	-301.5	-342.1	-359.7	-402.1	-287.7	-344.4	-465.4	-535.5	-650.4
Luxembourg	LU	-673.6	-763.4	-886.6	-1004.4	-940.7	-1045.5	-1255	-1017.6	-1049.2

Source: own work on the basis of *Balance of Payments Statistics...*

Net debt of EU countries obviously weighted much less on GDP and exports than gross debt. Only 7 countries recorded instances of exceeding the threshold value of the ratio to GDP: in Greece in all the analysed years, in Sweden, Portugal, Spain, Italy, Hungary and Latvia in various years of the analysed period (cf. Table 10). In turn, the

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threshold value of the net debt to export ratio was exceeded by only two countries: Greece in 2006 and Spain in 2009–2010 (cf. Table 11).

Table 10

Net foreign debt to GDP in EU countries in the period of 2004–2012 (%)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
Greece	EL	53.4	59.2	63.1	69.3	76.3	88.2	102.9	98.3	121.5
Portugal	PT	39.5	47.5	54.8	64.0	75.2	84.8	83.2	85.9	102.3
Spain	ES	35.1	44.5	57.8	68.5	76.2	88.3	92.0	93.5	90.4
Sweden	SE	52.9	56.8	47.5	46.1	61.5	79.2	69.6	66.3	61.5
Italy	IT	28.6	32.4	36.5	41.4	40.6	45.2	51.8	50.1	56.6
Hungary	HU	33.9	36.3	45.1	50.4	54.3	65.7	60.8	47.5	56.5
Slovenia	SI	-3.4	3.1	10.9	20.4	30.9	37.2	40.3	37.0	41.2
Romania	RO	8.4	8.2	11.4	19.3	25.4	34.6	37.4	39.3	40.4
Latvia	LV	28.6	35.8	44.1	49.9	56.6	58.4	54.1	46.8	38.9
Poland	PL	18.0	15.3	17.9	21.8	24.8	33.7	33.2	33.3	37.0
Finland	FI	-6.4	-5.0	-3.2	-2.1	6.5	18.6	22.0	26.5	36.5
Cyprus	CY	-22.8	-26.2	-43	-19.7	-4.0	1.3	8.0	37.9	36.3
France	FR	.	6.5	8.5	10.8	19.1	21.3	29.7	29.2	35.0
Lithuania	LT	13.3	15.9	19.8	29.6	35.2	37	35.4	32.2	33.6
Nrtherlands	NL	21.4	18.7	14.9	20.4	29.2	24.4	37.2	38.8	32.5
United Kingdom	UK	39.9	44.7	47.5	40.4	31.2	45.9	45.5	45.8	31.3
Bulgaria	BG	2.5	11.3	15.5	32.7	48.9	49.6	43.6	35.2	28.8
Austria	AT	22.5	22.0	19.3	22.5	29.0	22.9	28.6	24.3	25.6
Slovakia	SK	.	.	.	.	18.2	22.2	21.2	21.9	22.4
Denmark	DK	20.7	22.1	33.7	34.8	30.8	28.3	22.7	14.9	11.9
Czech Republic	CZ	.	-15.0	-10.3	-7.6	-3.6	-1.3	0.1	0.9	-1.3
Estonia	EE	17.6	18.4	27.5	35.0	37.7	34.1	23.1	5.0	-2.0
Germany	DE	12.9	9.8	0.2	-4.1	-1.6	-7.8	-5.9	-2.9	-9.4
Belgium	BE	-40.9	-37.7	-44.2	-39.7	-73.1	-105.5	-109.5	-108	-93.7
Malta	MT	-84.7	-85.5	-88.3	-85.0	-69.8	-82.4	-163.1	-154.1	-175.5
Ireland	IE	-201.0	-210.0	-202.6	-212.0	-159.6	-212.2	-294.4	-329.3	-396.7
Luxembourg	LU	-2454.5	-2522.1	-2614.3	-2678.6	-2517.0	-2938.9	-3193.3	-2438.5	-2444.8

Source: own work on the basis of *Balance of Payments Statistics...*



Table 11

Net foreign debt to export in EU countries in the period of 2004–2012 (%)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
Greece	EL	234.5	255.7	274.0	289.4	299.2	437.3	461.2	393.0	441.0
Spain	ES	120.1	152.2	184.8	209.6	241.2	310.0	287.6	264.6	247.1
Portugal	PT	119.7	144.0	143.9	159.4	186.0	252.3	215.9	203.4	235.6
Italy	IT	99.2	107.3	112.1	121.2	123.2	164.8	171.9	154.1	168.4
Sweden	SE	99.8	98.9	75.8	70.4	91.3	136.5	116.0	110.3	105.6
Romania	RO	23.1	23.7	33.6	61.9	79.4	109.6	103.5	95.9	97.1
France	FR	.	19.3	23.6	29.5	52.3	63.2	83.4	78.0	94.8
Poland	PL	45.3	38.8	41.6	50.4	59.0	82.3	75.6	71.3	76.5
United Kingdom	UK	110.7	111.3	105.2	87.6	66.9	115.3	113.6	103.7	75.8
Finland	FI	-13.6	-10.1	-6.0	-3.7	11.7	42.2	45.6	54.8	75.2
Cyprus	CY	-41.6	-45.5	-74.3	-31.7	-6.6	2.2	14.5	63.9	63.2
Latvia	LV	60.4	68.7	89.1	106.9	119.6	120.9	94.6	74.8	59.5
Hungary	HU	49.8	51.3	55.3	59.2	63.4	80.1	68.3	49.6	57.0
Slovenia	SI	-5.7	4.8	15.6	27.9	43.0	61.0	59.3	49.1	53.1
Bulgaria	BG	4.1	18.5	23.5	52.7	80.5	99.4	74.2	51.6	41.9
Lithuania	LT	24.9	27.0	32.7	53.2	56.8	66.6	50.8	40.6	39.3
Austria	AT	39.1	35.7	29.8	32.5	42.0	39.4	44.7	35.6	38.4
Netherlands	NL	27.7	22.6	16.6	22.2	33.2	32.4	42.7	41.5	33.3
Slovakia	SK	.	.	.	.	20.1	30.2	25.3	23.6	22.6
Denmark	DK	40.0	37.8	54.2	55.1	47.0	50.9	38.8	23.8	18.8
Czech Republic	CZ	.	-22.2	-14.4	-10.5	-5.3	-2.1	0.1	1.1	-1.6
Estonia	EE	23.0	21.5	32.0	44.5	46.3	46.5	25.7	4.8	-1.9
Germany	DE	28.8	20.0	0.3	-7.2	-2.9	-15.6	-10.6	-5.0	-15.8
Belgium	BE	-46.1	-40.0	-44.9	-38.5	-70.6	-120.3	-116.9	-111.1	-95.9
Malta	MT	-91.6	-90.2	-78.6	-69.0	-54.3	-75.2	-137.9	-124.2	-133.6
Irelandia	IE	-190.9	-196.2	-174.3	-169.7	-123.5	-171.9	-217.4	-239.5	-278.7
Luxembourg	LU	-672.3	-614.4	-568.4	-547.4	-475.3	-689.7	-746.5	-477.0	-382.5

Source: own work on the basis of *Balance of Payments Statistics...*

Assessing the risk that an increase of external obligations poses to EU economies, one needs to also take into consideration the share of such obligations in the public debt. The literature of the subject demonstrates that the higher the percentage of external obligations, the higher the likelihood of such risks occurring. The costs of servicing national

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debt, contrary to foreign debt, can be transferred onto the country's citizens (e.g. by raising taxes, national money supply, changing the repayment dates, etc.), the government can also influence the terms of debt servicing (therefore, it is unlikely to go bankrupt), moreover, it is less vulnerable to unfavourable phenomena of the global market.<sup>13</sup>

The data of Table 12 show that during the analysed period there was an increase in the share of foreign debt in the public debt. In 2004, that percentage amounted to 46.6%, while in 2012 – 55.7%. Furthermore, the number of countries in which the discussed ratio was higher than 50% grew as well. In 2012, there were 16 such countries (59% of EU-27), while in 2004 – 11 (48% of EU-23).

Table 12

The ratio of gross foreign debt of the public sector to public debt in EU countries in the period of 2004–2012 (%)

Countries	Codes	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	2	3	4	5	6	7	8	9	10	11
Finland	FI	88.3	86.5	84.0	84.2	82.9	85.8	85.3	88.7	92.5
Lithuania	LT	61.8	60.5	68.2	66.9	54.1	69.2	77.8	77.0	87.7
Austria	AT	76.3	81.0	79.9	81.7	83.8	80.2	81.3	81.1	84.8
Greece	EL	68.1	74.3	69.0	74.0	72.9	73.3	55.2	44.2	79.8
Latvia	LV	53.5	53.3	53.4	5.0	44.	68.5	72.6	75.8	79.1
Estonia	EE	53.0	49.3	51.0	37.2	67.3	84.2	78.4	54.8	73.6
Hungary	HU	44.3	48.3	48.1	51.3	53.5	57.6	57.9	66.7	67.1
Portugal	PT	56.1	58.6	66.0	67.5	71.6	70.0	59.4	53.3	64.4
Ireland	IE	58.2	60.9	62.4	64	72.5	71.9	55.9	61.3	64.4
Germany	DE	41.5	45.5	44.9	46.6	51.9	51.7	52.9	60.9	62.4
France	FR	51.5	55.2	54.9	53.1	59.2	62.3	61.9	60.6	61.9
Slovakia	SI	30.5	28.0	29.0	38.0	45.7	52.6	59.4	51.2	57.6
Netherlands	NL	64.0	67.3	68.5	61.3	70.0	70.5	63.8	59.5	57.3
Belgium	BE	47.4	50.4	50.1	61.7	66.1	63.1	59.3	52.0	56.4
Poland	PL	41.0	41.5	39.0	36.2	33.6	36.2	41.9	46.5	52.3
Romania	RO	.	.	.	.	59.6	48.6	49.5	49.9	51
Sweden	SE	39.5	42.5	35.2	35.3	35.9	37.1	41.5	46.6	47.9
Bulgaria	BG		69.2	64.7	58.5	52.1	54.8	49.1	44.3	47.2

<sup>13</sup> P. Bagus, *The Danger of External Debts*, <http://mises.org/daily/6059/The-Danger-of-External-Debts> (30. 07. 2014).

1	2	3	4	5	6	7	8	9	10	11
Slovakia	SK	34.1	34.6	38.7	38.6	38.9	34.8	36.8	39.1	47.0
Denmark	DK	36.0	38.2	34.6	39.5	41.3	39.2	38.4	45.4	45.5
Cyprus	CY	.	.	.	.	28.1	40.4	42.7	37.8	39.6
Luxembourg	LU	0.0	1.4	2.0	1.8	17.6	18.9	32.8	32.9	37.7
Spain	ES	52.0	54.4	55.1	51.7	53.5	53	44.9	37.3	37.3
Italy	IT	37.7	41.6	41.5	40.1	42.4	44.7	43.9	35.3	36.0
United Kingdom	UK	18.6	21.9	24.8	27.0	29.5	26.0	29.6	32.8	31.4
Czech Republic	CZ	17.8	25.1	26.1	26.8	26.7	28.4	31.9	29.9	31.0
Malta	MT	.	.	.	.	9.7	9.9	8.8	9.1	12.2

Source: own work on the basis of *Quarterly External Debt Statistics/SDDS*, World Bank, <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=quarterly-external-debt-statistics%2Fsdss> (July 2014); *Government Deficit and Debt*, Eurostat, [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database) (July 2014).

## Conclusions

The conducted research demonstrates that:

1. In the course of 2004–2012 all of the EU countries witnessed an increase in gross foreign debt, and its value exceeded the obligations of the developing countries multiple times.
2. The largest share of foreign debt in the EU was held by “old” member states in general.
3. UE-15 countries recorded higher ratios of gross foreign debt to GDP, export and foreign currency reserves than the EU-12 countries did, and a higher ratio of such debt per capita.
4. Having accounted for foreign receivables, 10 of EU-27 states occurred to have been structural or periodical net creditors, while the remaining 17 – net debtors, with a decidedly lower debt weight in relation to gross debt ratios, bearing in mind that “old” EU countries showed a significantly higher net debt weight than the “new” ones did.

Therefore, the results of the conducted research permits to formulate a conclusion that the evaluation of the foreign debt problem of highly

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developed countries ought to be based on the analysis of net foreign debt, accounting for foreign receivables. It evidently changes the state of external imbalance, as well as the value of the measures of debt weight on the economies. However, foreign debt (both gross and net) comprises only a part of foreign obligations and receivables, therefore an accurate and comprehensive evaluation of external macroeconomic imbalance of the analysed countries requires an analysis of all foreign assets and liabilities, i.e. international investment position (IIP). This measure, and not the gross foreign debt, should also be the basis for assessing the indebtedness of developing countries, since many of them currently obtain significant foreign receivables.

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