

Public debt 2Q2012

Quarterly newsletter

1. At the end of the second quarter of 2012 consolidated **public debt (according to domestic methodology)** stood at **PLN 842,653.1 million**. Compared with the first quarter of 2012 debt increased by PLN 18,075.6 million (2.2%). From the end of 2011 public debt increased by PLN 27,310.5 million (3.3%).*

2. The highest increase was recorded in the level of State Treasury debt, up by PLN 17,738.7 million (2.3%) in the second quarter of 2012 and up by PLN 28,407.1 million (3.8%) from the end of 2011.

3. At the end of the second quarter of 2012 unconsolidated public debt stood at PLN 887,523.2 million. Compared with the first quarter of 2012 debt increased by PLN 18,218.2 million (2.1%).

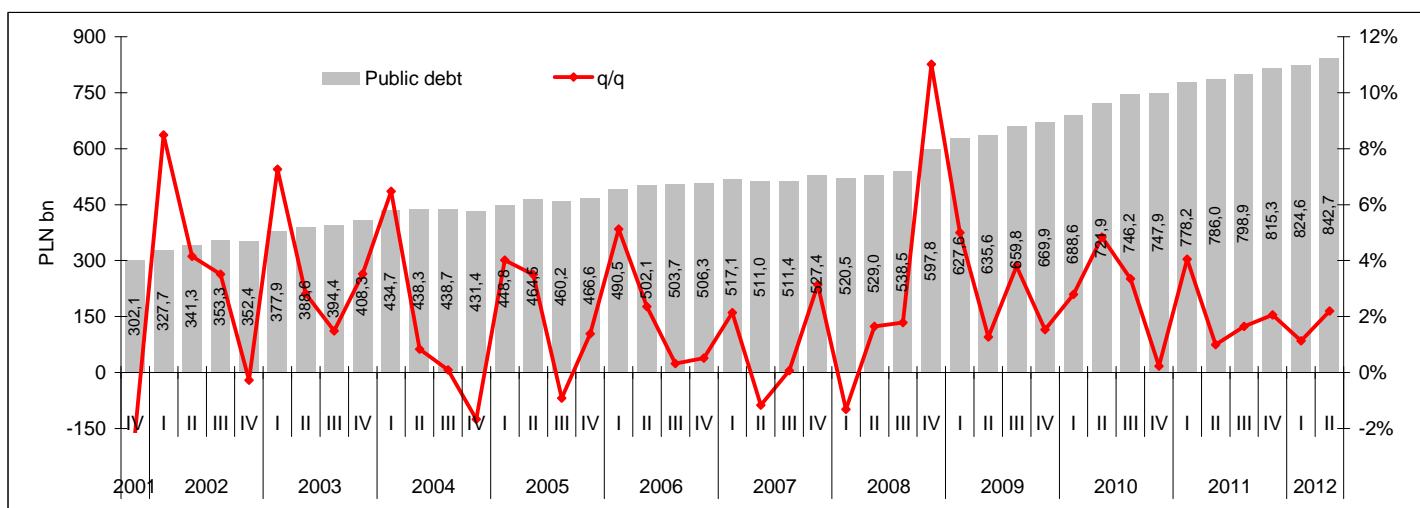
4. At the end of the second quarter **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 891,549.9 million**. Compared with the first quarter of 2012 EDP debt increased by PLN 23,864.3 million (2.8%). From the end of 2011 EDP debt increased by PLN 32,577.2 million (3.8%).

5. Similarly to public debt measured according to domestic methodology, the highest increase was recorded in the level of State Treasury debt. In the second quarter of 2012 a significant increase was registered in National Road Fund (KFD) debt, up by PLN 5,873.4 million (16.4%).

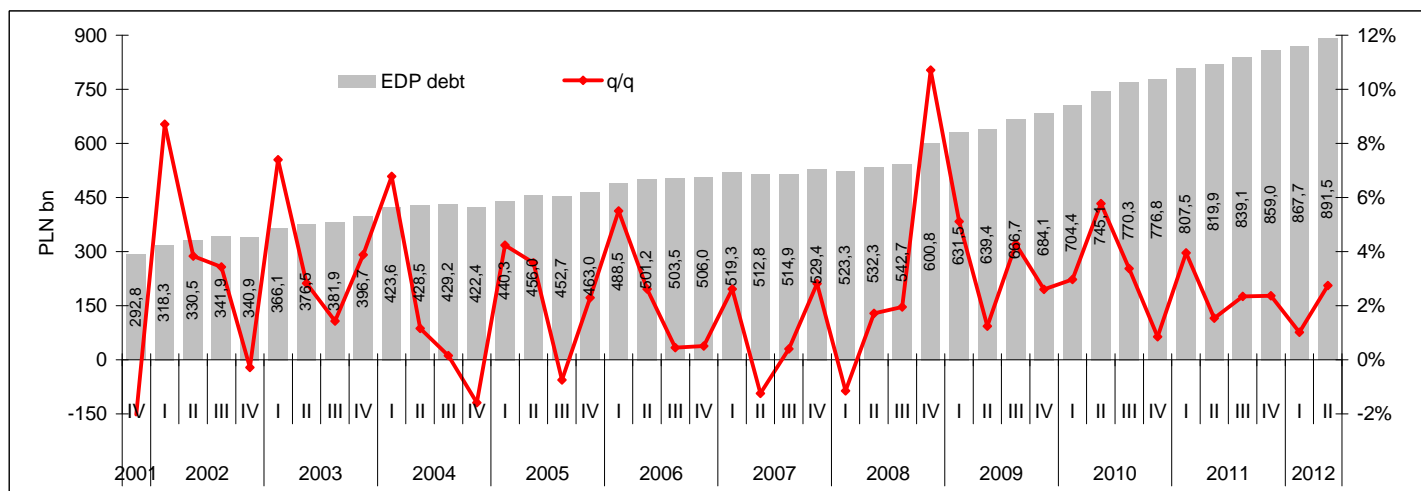
6. Table 1 presents the differences between public debt according to domestic methodology and general government debt.

* Data regarding the second quarter of 2012 is preliminary. Data regarding previous periods were updated if necessary.

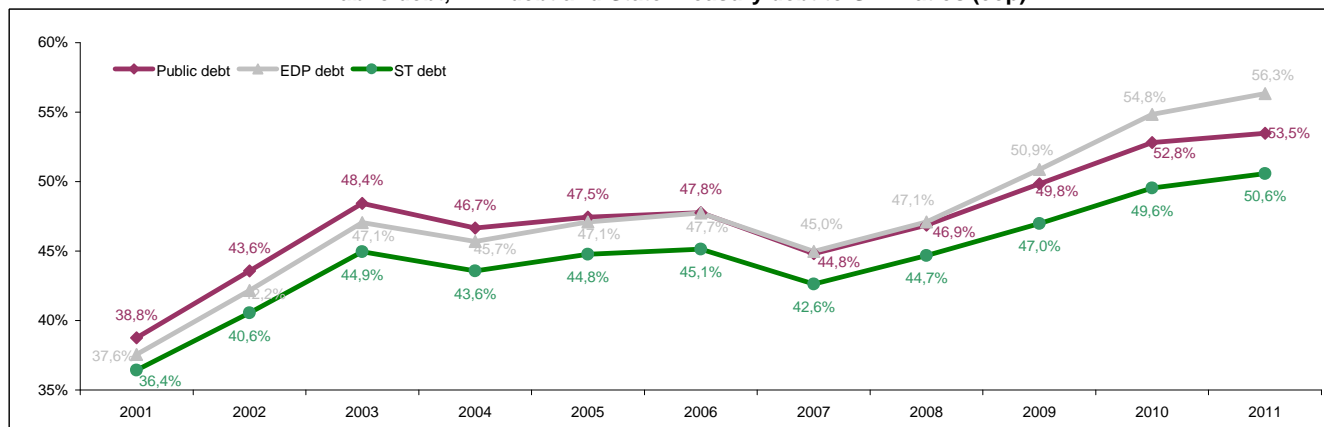
Public debt



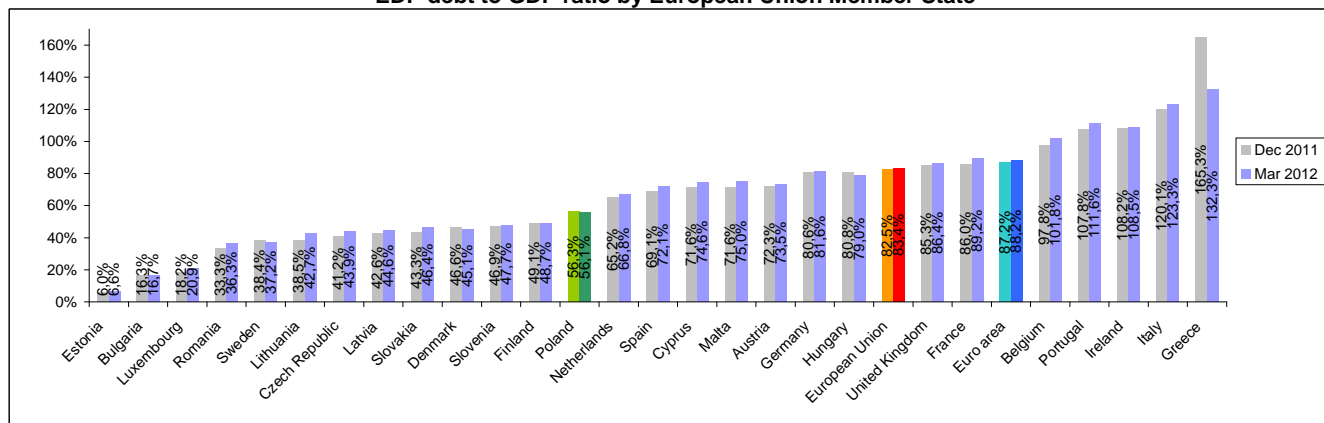
EDP debt



Public debt, EDP debt and State Treasury debt to GDP ratios (eop)

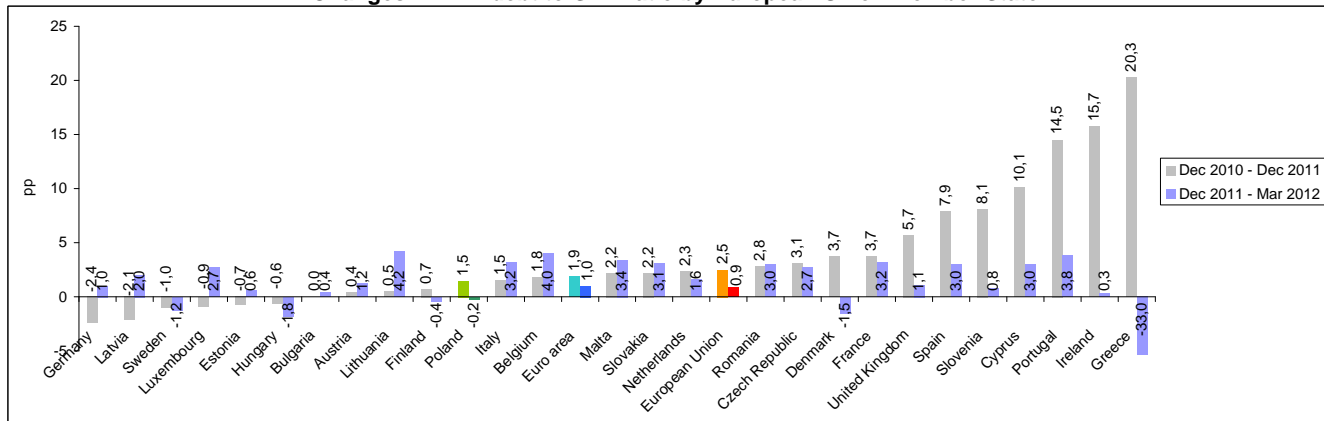


EDP debt to GDP ratio by European Union Member State



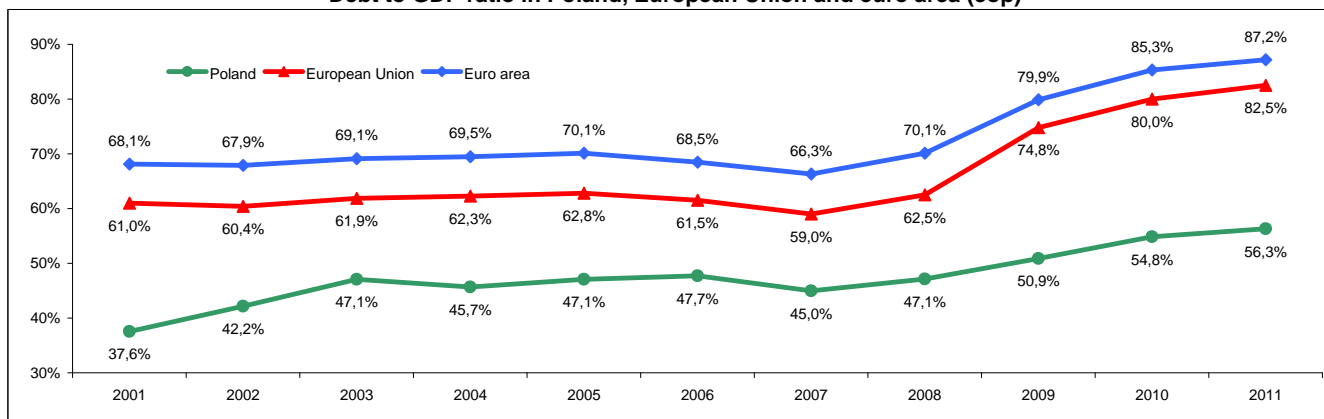
Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

Changes in EDP debt to GDP ratio by European Union Member State



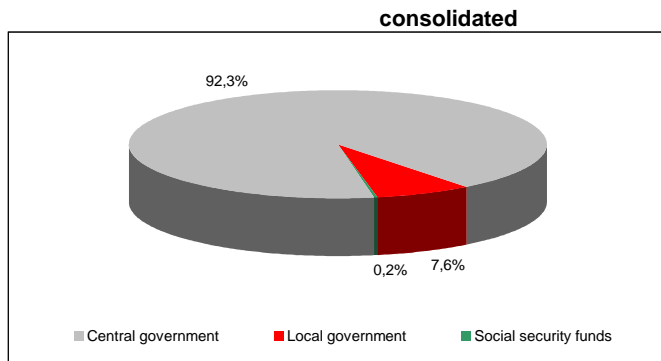
Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

Debt to GDP ratio in Poland, European Union and euro area (eop)

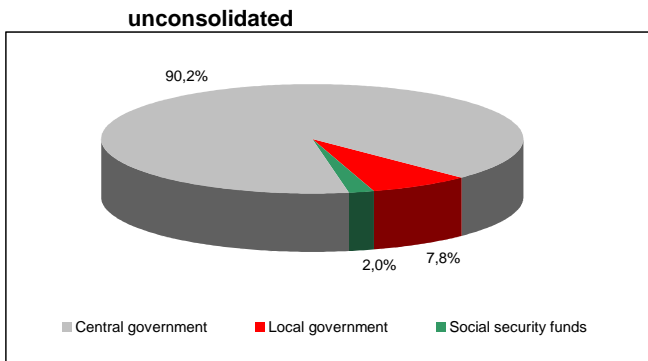


Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

Public debt by sub-sector:

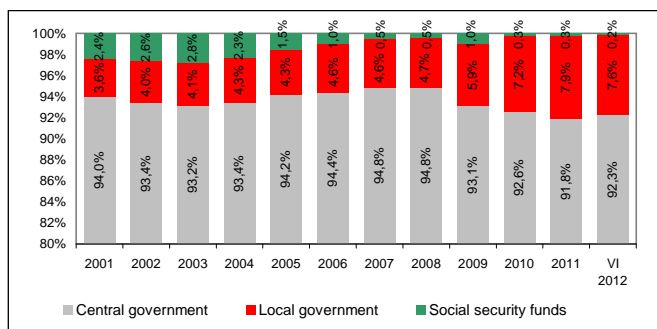


The central government is by far the most important debt issuer, representing more than 92.3% of public debt, of which 92.1% represents State Treasury debt. The local government sub-sector contribution was 7.6% of the total debt, of which 7.2% represents debt of local government units and their unions.



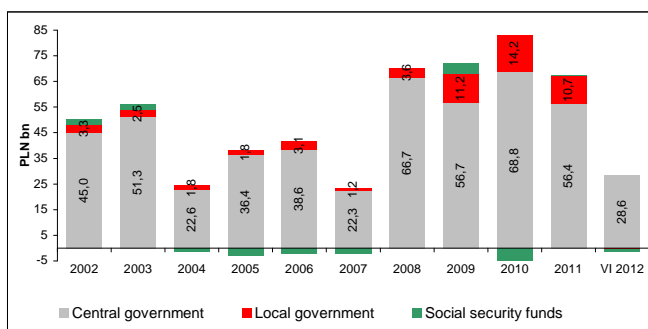
The central government and State Treasury made up 90.2% and 90.0% of the total unconsolidated public debt respectively. Unconsolidated social security funds debt includes loans granted by State Treasury (PLN 15.9 bn at the end of the second quarter of 2012), hence larger contribution of SSF to unconsolidated public debt.

Consolidated public debt structure by sub-sector



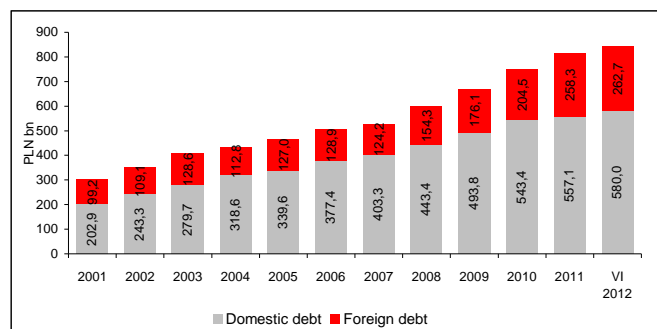
Social security funds play a minor role in the general government debt with its contributions of 0.2% of the total debt, compared to 2.4% at the end of 2001. At the same time the ratio of local government to total debt increased in the last three years by 3.2 pp.

Changes in consolidated public debt by sub-sector

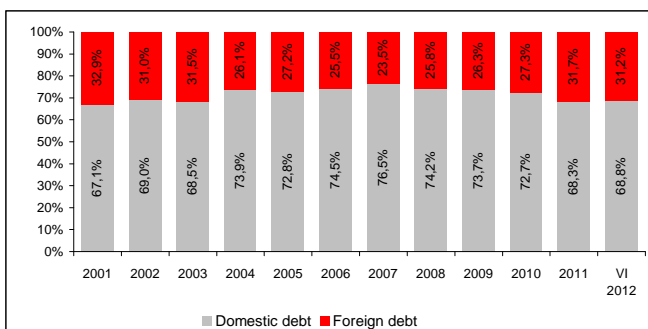


Changes in public debt by sub-sector in the first half of 2012 was the result of:
 - central government debt increase by PLN 28.6 bn (3.8%),
 - local government debt decrease by PLN 0.4 bn (0.7%),
 - social security funds debt decrease by PLN 0.8 bn (35.7%).

Public debt according to the place of issue criterion

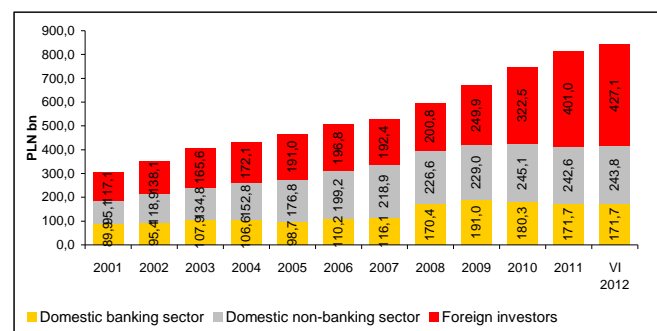


At the end of the second quarter of 2012 domestic debt stood at PLN 580.0 bn, up by PLN 22.9 bn (4.1%) compared with the end of fourth quarter of 2011. Foreign debt stood at PLN 262.7 bn, up by PLN 4.4 bn (1.7%).



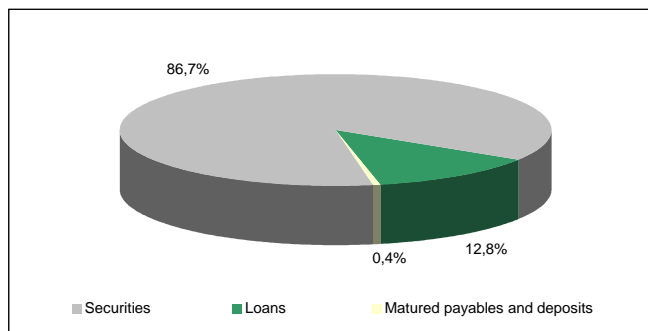
The share of foreign debt in the total public debt accounted for 31.2% at the end of the second quarter of 2012, down compared with 31.7% at the end of 2011.

Public debt by holder



At the end of the second quarter of 2012 the share of non-residents in public debt accounted for 50.7% (PLN 427.1 bn), up compared with 49.2% (PLN 401.0 bn) at the end of 2011.

Public debt by instrument



At the end of the second quarter of 2012 securities were the most important category of debt instruments accounting for 86.7% of the total debt, up by 0.7 pp compared with the end of 2011.

Table 1. Differences between public debt (according to domestic methodology) and general government debt (PLN m)

ITEM	XII 2006	XII 2007	XII 2008	XII 2009	XII 2010	XII 2011	III 2012	VI 2012
Public debt	506.263,5	527.441,8	597.764,4	669.876,4	747.898,8	815.342,7	824.577,5	842.653,1
<i>1) Adjustments concerning the scope of the sector</i>	<i>4.435,4</i>	<i>6.438,7</i>	<i>8.106,0</i>	<i>18.563,6</i>	<i>32.762,6</i>	<i>47.124,5</i>	<i>46.738,9</i>	<i>52.661,9</i>
Debt of National Road Fund	3.722,1	4.857,4	5.923,1	15.703,2	24.798,1	36.412,7	35.779,8	41.653,2
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	0,0	0,0	0,0	-1.276,2	-232,9	-364,5	-343,2	-547,1
National Road Fund (aquisition of infrastructure assets)*	886,8	1.771,7	2.396,0	4.292,8	8.197,4	11.076,3	11.302,3	11.555,7
Research & development units**	-173,5	-190,3	-213,1	-156,2	-	-	-	-
Public corporations included in general government sector	-	-	-	0,0	0,0	0,0	0,0	0,0
<i>2) Differences concerning debt instruments</i>	<i>-4.662,7</i>	<i>-4.510,7</i>	<i>-5.041,2</i>	<i>-4.366,7</i>	<i>-3.845,2</i>	<i>-3.494,5</i>	<i>-3.630,9</i>	<i>-3.765,1</i>
matured payables	-4.709,7	-4.570,3	-5.069,9	-4.688,6	-3.860,1	-3.504,2	-3.640,1	-3.771,2
debt assumption - activation of a guarantee	47,1	59,6	28,7	21,8	14,9	9,8	9,2	6,1
up-front payments on off-market swaps	0,0	0,0	0,0	300,0	0,0	0,0	0,0	0,0
General government debt	506.036,3	529.369,8	600.829,2	684.073,3	776.816,3	858.972,7	867.685,6	891.549,9

* in compliance with Eurostat guidelines on sector classification of some motorway projects, general government debt figures include capital expenditures of the projects in question

** according to the Public Finance Act of August 27th 2009 (Journal of Law 09.157.1240 dated September 24th 2009) from Jan 1st 2010 Research and Development Units are not included in the public finance sector.

Table 2. Public Debt - before consolidation (m PLN, at nominal value, eop)

ITEM	XII 2011	structure		structure		change		change		
		XII 2011	III 2012	III 2012	VI 2012	VI 2012	VI 2012 - III 2012	VI 2012 - XII 2011		
		m PLN	%	m PLN	%	m PLN	%	m PLN	%	
Public debt	861.243,3	100,0%	869.305,0	100,0%	887.523,2	100,0%	18.218,2	2,1%	26.279,9	3,1%
1. Central government sector debt	772.638,9	89,7%	782.482,3	90,0%	800.882,2	90,2%	18.399,9	2,4%	28.243,4	3,7%
1.1. State Treasury	771.127,5	89,5%	780.857,2	89,8%	799.183,8	90,0%	18.326,6	2,3%	28.056,3	3,6%
1.2. Earmarked State funds	0,0	0,0%	0,1	0,0%	0,0	0,0%	-0,1	-100,0%	0,0	-
1.3. State institutions of higher education	351,2	0,0%	377,1	0,0%	433,7	0,0%	56,6	15,0%	82,5	23,5%
1.4. Independent public health units	1.122,2	0,1%	1.192,3	0,1%	1.227,0	0,1%	34,7	2,9%	104,8	9,3%
1.5. State institutions of culture	23,4	0,0%	20,9	0,0%	20,5	0,0%	-0,5	-2,2%	-3,0	-12,6%
1.6. Polish Academy of Science and units established by it	9,4	0,0%	13,0	0,0%	6,0	0,0%	-7,0	-53,7%	-3,3	-35,7%
1.7. Other central government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	5,1	0,0%	21,7	0,0%	11,2	0,0%	-10,5	-48,4%	6,0	117,1%
2. Local government sector debt	70.447,8	8,2%	69.561,2	8,0%	69.298,7	7,8%	-262,4	-0,4%	-1.149,1	-1,6%
2.1. Local government units	66.105,6	7,7%	65.086,1	7,5%	64.717,3	7,3%	-368,9	-0,6%	-1.388,4	-2,1%
2.2. Independent public health units	4.119,1	0,5%	4.275,7	0,5%	4.367,6	0,5%	91,9	2,2%	248,5	6,0%
2.3. Local institutions of culture	109,7	0,0%	90,6	0,0%	101,1	0,0%	10,5	11,6%	-8,6	-7,8%
2.4. Other local government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	113,4	0,0%	108,8	0,0%	112,7	0,0%	3,9	3,6%	-0,7	-0,6%
3. Social Security Sector debt	18.156,6	2,1%	17.261,5	2,0%	17.342,3	2,0%	80,8	0,5%	-814,3	-4,5%
3.1. Social Insurance Institution	0,0	0,0%	0,0	0,0%	0,0	0,0%	0,0	-32,5%	0,0	-81,5%
3.2. Funds managed by Social Insurance Institution	18.156,6	2,1%	17.261,5	2,0%	17.342,3	2,0%	80,8	0,5%	-814,3	-4,5%
3.3. Agricultural Social Insurance Fund	0,0	0,0%	0,0	0,0%	0,0	0,0%	0,0	-	0,0	-
3.4. National Health Fund	0,0	0,0%	0,0	0,0%	0,0	0,0%	0,0	-	0,0	-

Table 3. Public Debt - after consolidation (m PLN, at nominal value, eop)

ITEM	XII 2011	structure		structure		change		change		
		XII 2011	III 2012	III 2012	VI 2012	VI 2012	VI 2012 - III 2012	VI 2012 - XII 2011		
		m PLN	%	m PLN	%	m PLN	%	m PLN	%	
Public debt	815.342,7	100,0%	824.577,5	100,0%	842.653,1	100,0%	18.075,6	2,2%	27.310,5	3,3%
1. Central government sector debt	748.805,9	91,8%	759.539,6	92,1%	777.359,7	92,3%	17.820,1	2,3%	28.553,9	3,8%
1.1. State Treasury	747.504,3	91,7%	758.172,6	91,9%	775.911,4	92,1%	17.738,7	2,3%	28.407,1	3,8%
1.2. Earmarked State funds	0,0	0,0%	0,1	0,0%	0,0	0,0%	-0,1	-100,0%	0,0	-
1.3. State institutions of higher education	332,4	0,0%	343,9	0,0%	407,9	0,0%	64,0	18,6%	75,5	22,7%
1.4. Independent public health units	951,1	0,1%	1.001,0	0,1%	1.026,2	0,1%	25,2	2,5%	75,1	7,9%
1.5. State institutions of culture	7,8	0,0%	6,4	0,0%	3,4	0,0%	-3,0	-46,5%	-4,4	-56,4%
1.6. Polish Academy of Science and units established by it	6,0	0,0%	9,7	0,0%	3,4	0,0%	-6,3	-64,6%	-2,5	-42,3%
1.7. Other central government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	4,3	0,0%	5,9	0,0%	7,4	0,0%	1,5	25,5%	3,1	70,8%
2. Local government sector debt	64.257,7	7,9%	63.653,9	7,7%	63.828,6	7,6%	174,7	0,3%	-429,1	-0,7%
2.1. Local government units	61.186,6	7,5%	60.468,0	7,3%	60.541,4	7,2%	73,4	0,1%	-645,2	-1,1%
2.2. Independent public health units	2.999,8	0,4%	3.130,9	0,4%	3.221,0	0,4%	90,1	2,9%	221,2	7,4%
2.3. Local institutions of culture	63,2	0,0%	47,8	0,0%	59,1	0,0%	11,3	23,6%	-4,1	-6,4%
2.4. Other local government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	8,2	0,0%	7,2	0,0%	7,1	0,0%	0,0	-0,5%	-1,1	-12,9%
3. Social Security Sector debt	2.279,1	0,3%	1.384,0	0,2%	1.464,8	0,2%	80,8	5,8%	-814,3	-35,7%
3.1. Social Insurance Institution	0,0	0,0%	0,0	0,0%	0,0	0,0%	0,0	-32,5%	0,0	-81,5%
3.2. Funds managed by Social Insurance Institution	2.279,1	0,3%	1.384,0	0,2%	1.464,8	0,2%	80,8	5,8%	-814,3	-35,7%
3.3. Agricultural Social Insurance Fund	0,0	0,0%	0,0	0,0%	0,0	0,0%	0,0	-	0,0	-
3.4. National Health Fund	0,0	0,0%	0,0	0,0%	0,0	0,0%	0,0	-	0,0	-