

Public debt 4Q2013

Quarterly newsletter

1. At the end of the fourth quarter of 2013 consolidated **public debt (according to domestic methodology)** stood at **PLN 880,204.5 million ***. Compared with the third quarter of 2013 public debt decreased by PLN 10,373.7 million (1.2%). Since the end of 2012 debt increased by PLN 39,727.6 million (4.7%).

2. Decrease of public debt in the fourth quarter of 2013 resulted mainly from decrease of State Treasury debt (by PLN 9,910.3 million or 1.2%). Increase of public debt in 2013 resulted from:

- increase of State Treasury debt by PLN 42,696.8 million (5.6%),
- decrease of local government sector debt by PLN 1,101.6 million (1.6%),
- decrease of social security sector debt by PLN 1,879.0 million (83.2%).

3. At the end of the fourth quarter of 2013 unconsolidated public debt stood at PLN 943,097.0 million. Compared with the third quarter of 2013 debt decreased by PLN 9,529.0 million (1.0%).

4. At the end of the fourth quarter of 2013 **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 932,509.3 million ***. Compared with the third quarter of 2013 EDP debt decreased by PLN 7,671.8 million (0.8%). Since the end of 2012 EDP debt increased by PLN 45,636.7 million (5.1%).

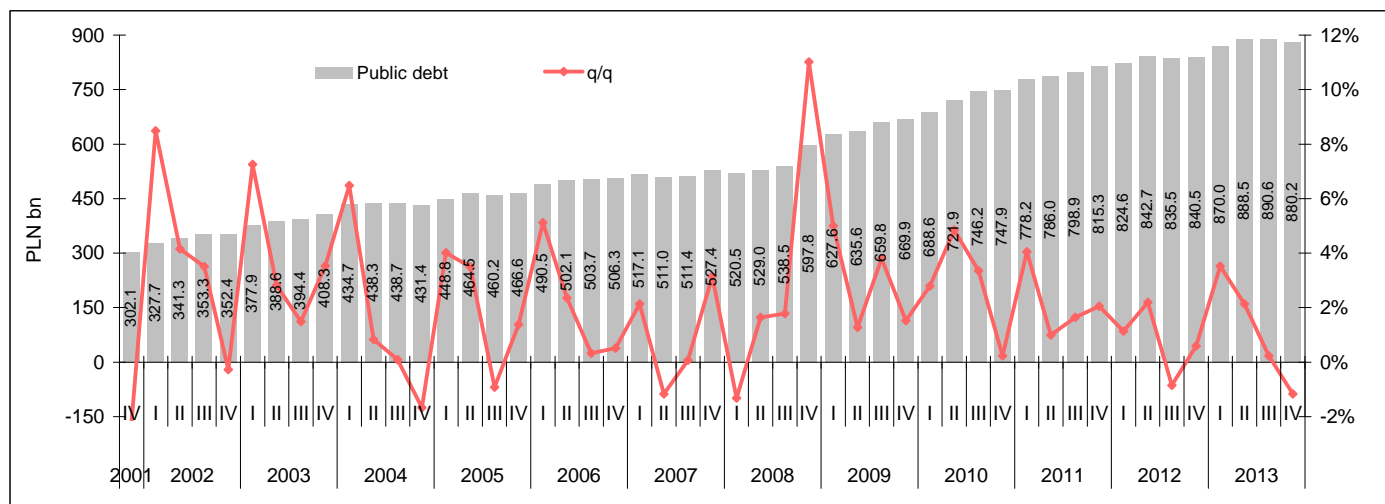
5. Similarly to public debt measured according to domestic methodology, the change in EDP debt in 2013 resulted mainly from increase in State Treasury debt.

6. Public debt to GDP ratio in 2013 amounted to **53.9%**. EDP debt to GDP ratio in 2013 amounted to **57.1%**. According to the first estimate of the Central Statistical Office from 28 February 2014 GDP in 2013 amounted to PLN 1,631,764 million.

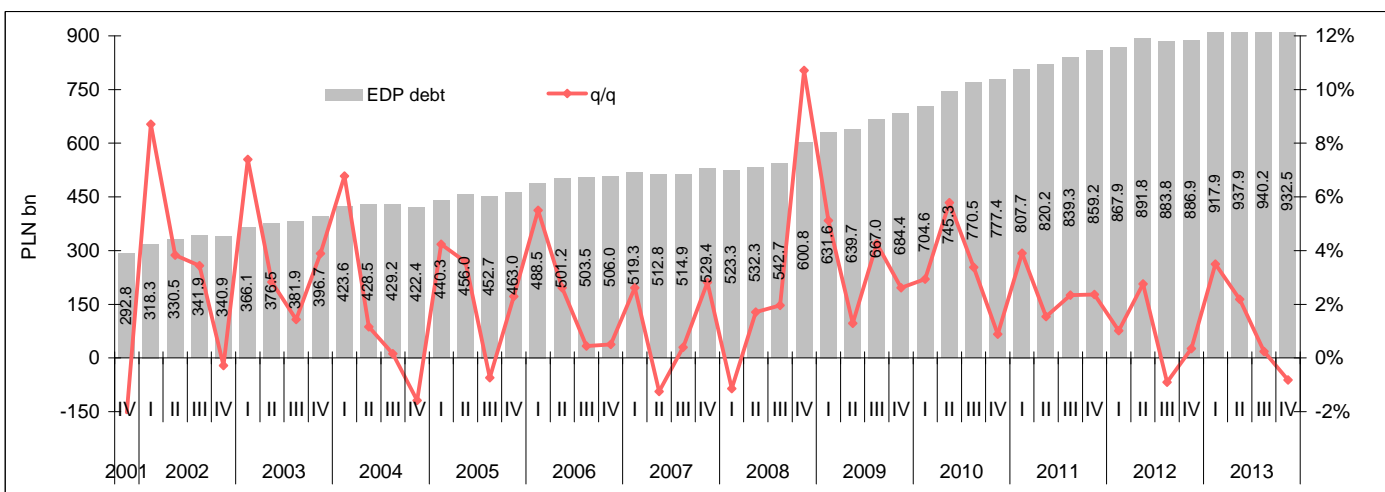
7. Table 1 presents the differences between public debt according to domestic methodology and general government debt.

* Data regarding the fourth quarter of 2013 is preliminary. Data regarding previous periods were updated if necessary.

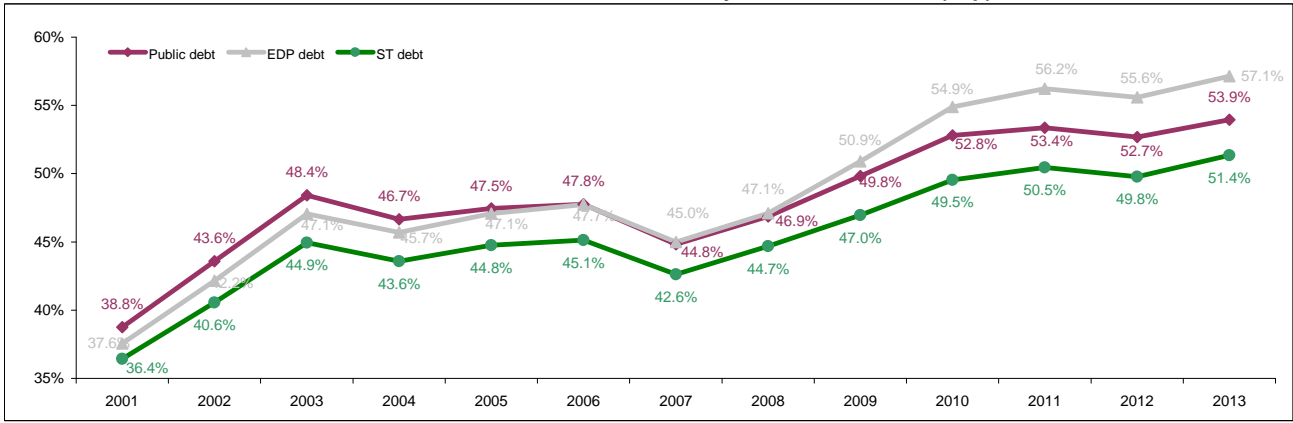
Public debt



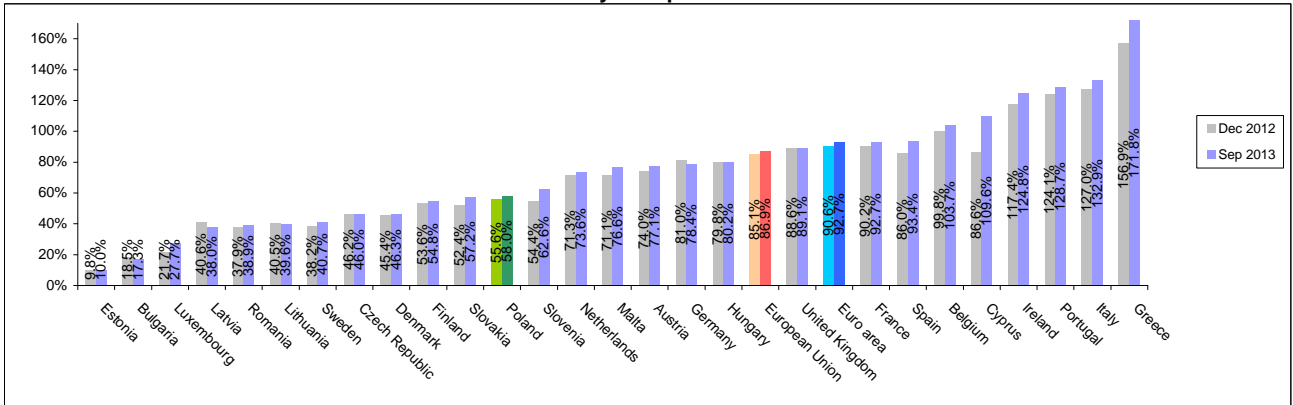
EDP debt



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

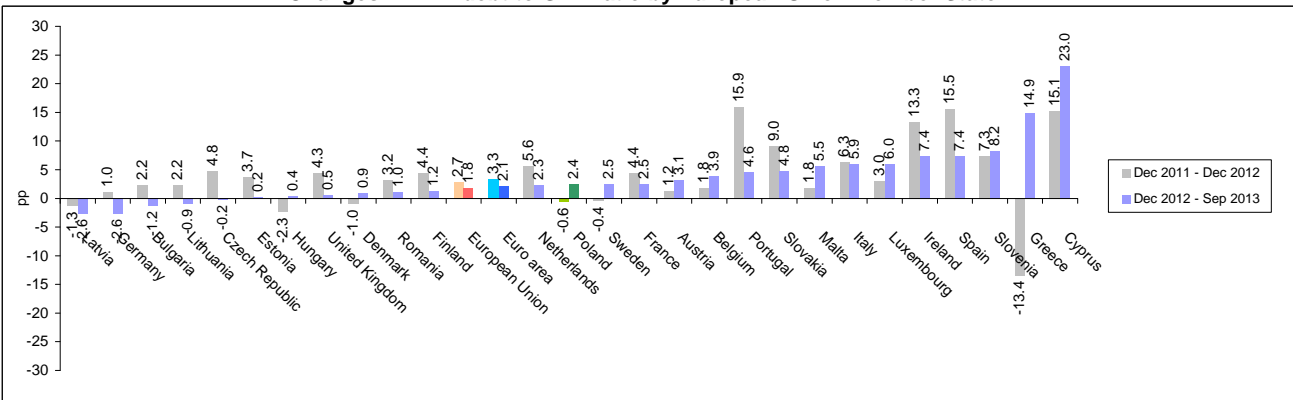


EDP debt to GDP ratio by European Union Member State *



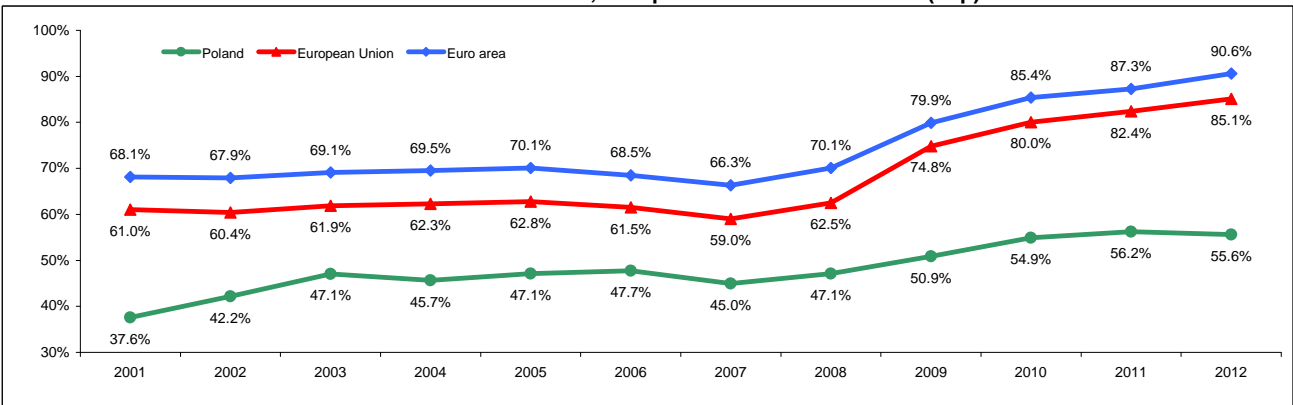
Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

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) *

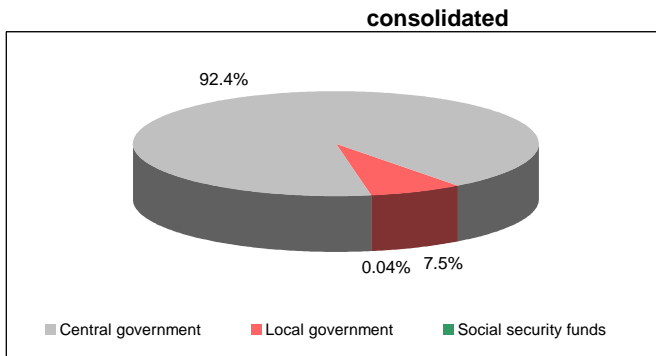


Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

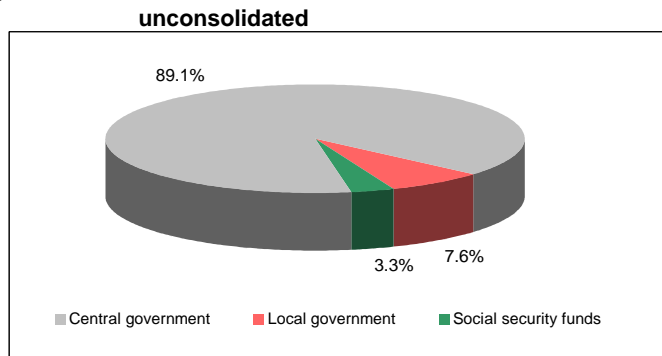
* - charts do not include Croatia (which joined EU on July 1, 2013).

EDP debt to GDP ratio for Croatia was 55.8% at the end of 2012 and 61.7% at the end of third quarter of 2013.

Public debt by sub-sector:

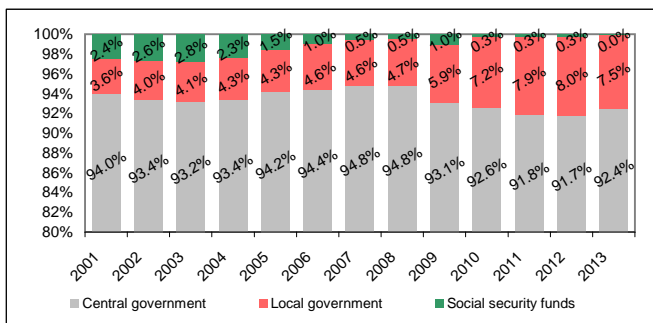


The central government is by far the most important debt issuer, representing 92.4% of public debt, of which 92.2% represents State Treasury debt. The local government sub-sector contribution was 7.5% of the total debt, of which 7.2% represents debt of local government units and their unions.



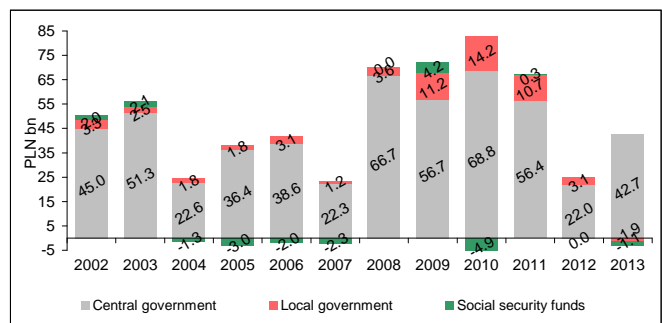
The central government and State Treasury made up 89.1% and 88.9% of the total unconsolidated public debt respectively. Unconsolidated social security funds debt includes loans granted by State Treasury (PLN 30.9 bn at the end of the fourth quarter of 2013), hence larger contribution of SSF to unconsolidated public debt.

Consolidated public debt by sub-sector



Social security funds debt plays a minor role in the general government debt with its contribution of 0.04% of the total debt, compared to 2.4% at the end of 2001. The ratio of local government debt to total debt after the increase between 2008 and 2012 fell in 2013 by 0.5 pp.

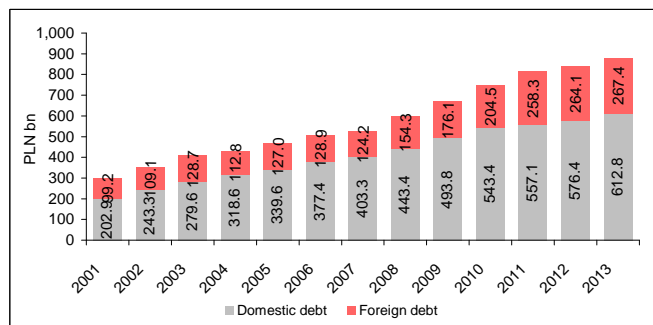
Changes in consolidated public debt by sub-sector



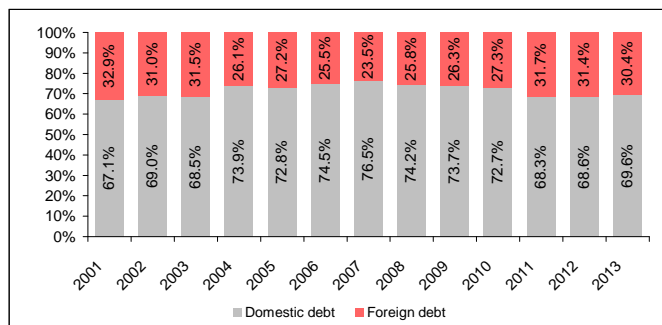
Increase in public debt since the beginning of 2013 was the result of:

- central government debt increase by PLN 42.7 bn (5.5%),
- local government debt decrease by PLN 1.1 bn (1.6%),
- social security funds debt decrease by PLN 1.9 bn (83.2%).

Public debt according to the place of issue criterion

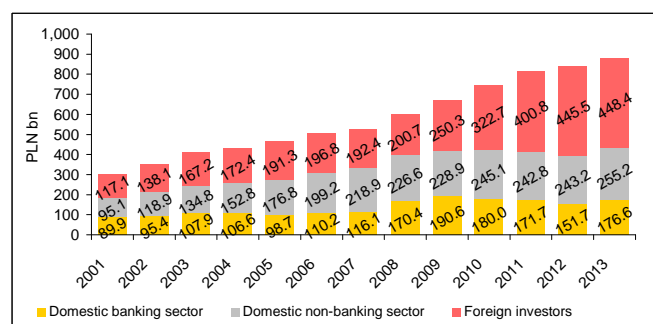


At the end of the fourth quarter of 2013 domestic debt stood at PLN 612.8 bn, up by PLN 36.4 bn (6.3%) compared with the end of 2012. Foreign debt stood at PLN 267.4 bn, up by PLN 3.3 bn (1.3%).



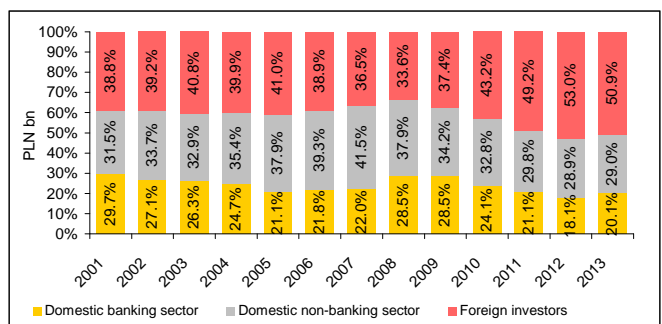
The share of foreign debt in the total public debt accounted for 30.4% at the end of 2013, down compared with 31.4% at the end of 2012. This was the first decrease in the share of foreign debt to the total public debt since 2007.

Public debt by holder



In 2013 public debt towards:

- domestic banking sector increased by PLN 24.9 bn (16.4%),
- domestic non-banking sector increased by PLN 12.0 bn (4.9%),
- foreign investors (non-residents) increased by PLN 2.8 bn (0.6%).



At the end of 2013 the share of non-residents in public debt accounted for 50.9% (PLN 448.4 bn). At the end of 2012 the share of non-residents in public debt accounted for 53.0%. In 2013 there was a first decrease of the share of non-residents in public debt after four years of increase.

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

ITEM	XII 2007	XII 2008	XII 2009	XII 2010	XII 2011	XII 2012	III 2013	VI 2013	IX 2013	XII 2013
Public debt	527,441.8	597,764.4	669,876.4	747,898.8	815,345.7	840,476.8	870,014.8	888,545.7	890,578.1	880,204.5
<i>1) Adjustments concerning the scope of the sector</i>	6,438.7	8,121.8	18,571.9	32,771.5	47,228.2	49,912.9	51,609.1	52,934.2	52,085.0	54,416.3
Debt of National Road Fund	4,857.4	5,923.1	15,703.2	24,798.1	36,412.7	41,197.4	41,410.0	41,856.5	41,740.4	43,644.7
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-	-	-1,276.2	-232.9	-364.5	-3,038.9	-1,577.3	-624.8	-1,366.5	-895.2
National Road Fund (acquisition of infrastructure assets)*	1,771.7	2,396.0	4,292.8	8,197.4	11,076.3	11,571.9	11,571.9	11,499.2	11,499.2	11,423.8
Research & development units**	-190.3	-213.1	-156.2	-	-	-	-	-	-	-
Public corporations included in general government sector	-	15.8	8.3	8.9	103.7	182.4	204.4	203.2	211.8	243.0
<i>2) Differences concerning debt instruments</i>	<i>-4,510.7</i>	<i>-5,041.2</i>	<i>-4,001.4</i>	<i>-3,287.6</i>	<i>-3,367.4</i>	<i>-3,517.1</i>	<i>-3,762.1</i>	<i>-3,581.4</i>	<i>-2,482.0</i>	<i>-2,111.5</i>
matured payables	-4,570.3	-5,069.9	-4,688.6	-3,860.1	-3,504.4	-3,616.5	-3,789.0	-3,594.7	-2,486.5	-2,215.2
debt assumption - activation of a guarantee	59.6	28.7	42.3	18.5	15.0	20.4	9.9	0.4	1.6	6.7
restructured/refinanced trade credits	-	-	344.9	554.0	122.0	79.0	17.0	12.9	2.9	97.0
up-front payments on off-market swaps	-	-	300.0	-	-	-	-	-	-	-
General government debt	529,369.8	600,845.0	684,446.9	777,382.8	859,206.5	886,872.6	917,861.8	937,898.5	940,181.1	932,509.3

* 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 2012	structure		structure		structure		change		change	
		XII 2012	IX 2013	IX 2013	XII 2013	XII 2013	XII 2013 - IX 2013	XII 2013 - IX 2013	XII 2013 - XII 2012	XII 2013 - XII 2012	
		m PLN	%	m PLN	%	m PLN	%	m PLN	%	m PLN	%
Public debt	889,651.6	100.0%	952,626.0	100.0%	943,097.0	100.0%	-9,529.0	-1.0%	53,445.3	6.0%	
1. Central government sector debt	795,702.9	89.4%	849,600.7	89.2%	839,917.3	89.1%	-9,683.5	-1.1%	44,214.3	5.6%	
1.1. State Treasury	793,853.7	89.2%	847,710.5	89.0%	838,023.8	88.9%	-9,686.7	-1.1%	44,170.1	5.6%	
1.2. Earmarked State funds	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-	
1.3. State institutions of higher education	519.1	0.1%	510.9	0.1%	579.9	0.1%	69.0	13.5%	60.7	11.7%	
1.4. Independent public health units	1,293.5	0.1%	1,347.2	0.1%	1,276.3	0.1%	-70.9	-5.3%	-17.3	-1.3%	
1.5. State institutions of culture	16.8	0.0%	9.5	0.0%	13.4	0.0%	3.8	40.1%	-3.4	-20.4%	
1.6. Polish Academy of Science and units established by it	8.0	0.0%	4.5	0.0%	5.8	0.0%	1.3	30.1%	-2.1	-26.8%	
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	11.8	0.0%	18.2	0.0%	18.1	0.0%	-0.1	-0.5%	6.3	53.3%	
2. Local government sector debt	72,812.1	8.2%	71,777.6	7.5%	71,922.1	7.6%	144.5	0.2%	-890.0	-1.2%	
2.1. Local government units	68,206.1	7.7%	67,328.4	7.1%	67,376.0	7.1%	47.6	0.1%	-830.1	-1.2%	
2.2. Independent public health units	4,392.9	0.5%	4,165.9	0.4%	3,919.3	0.4%	-246.5	-5.9%	-473.5	-10.8%	
2.3. Local institutions of culture	99.5	0.0%	80.7	0.0%	81.1	0.0%	0.4	0.5%	-18.4	-18.5%	
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	113.6	0.0%	202.6	0.0%	545.6	0.1%	343.0	169.3%	432.0	380.2%	
3. Social Security Sector debt	21,136.6	2.4%	31,247.6	3.3%	31,257.6	3.3%	10.0	0.0%	10,121.0	47.9%	
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-	
3.2. Funds managed by Social Insurance Institution	21,136.6	2.4%	31,247.6	3.3%	31,257.6	3.3%	10.0	0.0%	10,121.0	47.9%	
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 2012	structure		structure		structure		change		change	
		XII 2012	IX 2013	IX 2013	XII 2013	XII 2013	XII 2013 - IX 2013	XII 2013 - IX 2013	XII 2013 - XII 2012	XII 2013 - XII 2012	
		m PLN	%	m PLN	%	m PLN	%	m PLN	%	m PLN	%
Public debt	840,476.8	100.0%	890,578.1	100.0%	880,204.5	100.0%	-10,373.7	-1.2%	39,727.6	4.7%	
1. Central government sector debt	770,819.5	91.7%	823,465.9	92.5%	813,527.7	92.4%	-9,938.2	-1.2%	42,708.2	5.5%	
1.1. State Treasury	769,128.8	91.5%	821,735.8	92.3%	811,825.6	92.2%	-9,910.3	-1.2%	42,696.8	5.6%	
1.2. Earmarked State funds	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-	
1.3. State institutions of higher education	486.4	0.1%	476.3	0.1%	532.0	0.1%	55.6	11.7%	45.6	9.4%	
1.4. Independent public health units	1,188.6	0.1%	1,238.3	0.1%	1,148.1	0.1%	-90.1	-7.3%	-40.5	-3.4%	
1.5. State institutions of culture	3.1	0.0%	3.8	0.0%	8.3	0.0%	4.4	115.3%	5.1	164.5%	
1.6. Polish Academy of Science and units established by it	4.7	0.0%	2.0	0.0%	2.5	0.0%	0.5	26.0%	-2.2	-46.4%	
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	7.9	0.0%	9.6	0.0%	11.3	0.0%	1.6	16.9%	3.4	42.5%	
2. Local government sector debt	67,398.3	8.0%	66,742.1	7.5%	66,296.7	7.5%	-445.4	-0.7%	-1,101.6	-1.6%	
2.1. Local government units	64,020.2	7.6%	63,421.0	7.1%	63,114.8	7.2%	-306.2	-0.5%	-905.5	-1.4%	
2.2. Independent public health units	3,314.1	0.4%	3,263.4	0.4%	3,122.7	0.4%	-140.7	-4.3%	-191.4	-5.8%	
2.3. Local institutions of culture	58.1	0.0%	53.1	0.0%	54.6	0.0%	1.4	2.7%	-3.5	-6.0%	
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	5.9	0.0%	4.6	0.0%	4.6	0.0%	0.0	0.9%	-1.3	-21.9%	
3. Social Security Sector debt	2,259.1	0.3%	370.1	0.0%	380.1	0.0%	10.0	2.7%	-1,879.0	-83.2%	
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-	
3.2. Funds managed by Social Insurance Institution	2,259.1	0.3%	370.1	0.0%	380.1	0.0%	10.0	2.7%	-1,879.0	-83.2%	
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	-	