General government quarterly Maastricht debt

Quaterly debt figures cover the whole general government as defined by national accounting : the State, central agencies, local government and social security funds.

Quaterly debt figures are based on an accounting data source less exhaustive than annual accounts. Results may therefore be updated during several quarters.

Definition of the Maastricht debt

The debt as defined by the Maastricht treaty is a gross debt, as financial assets held by the general government are not substracted.

The Maastricht debt is consolidated, therefore financial liabilities of a government unit held by another government unit are not included. Thus deposits between government units, amongst others, are not accounted for.

The contribution of a subsector of general government to Maastricht debt is the debt of this subsector held by units outside of general government. As a result the Maastricht debt of the whole general government is obtained by adding the contributions from each subsector.

Debt as defined by the Maastricht treaty is measured at face value, that is to say at its redemption value. Thus neither accrued interest not yet paid, nor fluctuations in securities prices enter into the measurement of the instruments. On the flip side, reassessment of the redemption value of bonds indexed to inflation (OATi, BTANi and Cadesi) is accounted for every quarter.

Not all financial liabilities are included in the debt according to the Maastricht definition. Financial derivatives, accrued interest not yet paid as well as other accounts payable are excluded. As a result, the debt according to the Maastricht definition is equal to: *AF.2 liabilities (currency and deposits) + AF.3 liabilities (debt securities) + AF.4 liabilities (loans).*

Comparison with other measures of public sector liabilities

Under financial national accounting, the Banque de France publishes a total of general government liabilities. Unlike Maastricht debt, these liabilities are measured at market value, are not consolidated and include financial derivatives, accrued interest not yet paid as well as other accounts payable. Similarly, OECD often publishes public sector liabilities including other accounts payable. IMF uses an even more exhaustive definition of liabilities as they usually encompass commitments related to pensions, which are not measured in national accounts.

From Maastricht debt to net debt: taking into account other liquid financial assets held by the general government

Maastricht debt alone cannot describe the complete general government financial situation.

To obtain further information concerning the sustainability of public finances, one can look at the financial assets corresponding to the liabilities included in the Maastricht debt. Among these assets are the net cash position and other deposits as their management is intrinsically linked to debt management. From a long-term perspective, symmetrically to gross debt scope, one can also include exigible assets such as loans and debt securities held by private agents. These assets are measured at market value.

Thus starting from the Maastricht debt, a « net public debt » is built by deducting the deposits (cash position), the loans and the marketable debt securities (at market value) held by the general government over the private sector.

For the various subsectors net debt is built similarly, by deducting the same category of assets - excluding assets held over other subsectors of the general government - from their public debt contribution.

Therefore net debt is defined by the following formula : *Net debt outstanding = Maastricht debt outstanding – AF.2 assets (Currency and deposits) - AF.3 assets (debt securities) - AF.4 assets (loans).*

Otherwise the general government holds other liquid financial assets which are not included in the scope of the public net debt. These assets are listed company shares and market fund shares. The value of such assets is more volatile as it is directly linked to the stock market trend.

Dissemination

Under the Council Regulation (EC) No 1222/2004, Insee has transmitted to Eurostat since December 2005 quarterly updates on the calculation of the Maastricht debt. Data for all European Union Member States can be found on the Eurostat website: http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/

These data, given by institutional subsector, are different from those in the "*Informations Rapides*". Indeed, the concepts of consolidation used are different :

- In Eurostat's release, for each subsector, consolidation means that only the liabilities held inside this subsector are excluded.
- In the "*Informations Rapides*" both the liabilities held by a subsector and those held by the other subsectors of general government are excluded (cf. definition of contribution to debt above).

Thus the data given by subsector in the "*Informations Rapides*" are lower than those in the Eurostat publication, but they have the advantage to give the total Maastricht debt of the sector when added.

General government debt differs from the figures published monthly by the AFT (Agence France Trésor, the State debt management office) on its website http://www.aft.gouv.fr/ for several reasons. First, AFT data only include the State whereas the scope for the Maastricht debt is wider. It includes the central government (State and central agencies), the local government and social security funds. Furthermore, AFT data only cover the negotiable debt when debt under the Maastricht treaty also includes non-negotiable debt instruments (deposits on behalf of the Treasury for example). Finally, Maastricht debt is consolidated while AFT data is not.

Debt ratio

Under the Council Regulation No 3605/1993, Insee annually transmits the previous year's general government deficit and debt expressed in percent of GDP before the first of April. GDP used for the ratios is the annual **GDP in raw data**. This measure has no real equivalent for in-year quarters. An approximate equivalent can be obtained by adding the known value of the quarterly seasonally and working day adjusted (SWDA) GDP for the last four quarters. This approximation is used to give an estimation of the debt as a percentage of GDP during the year.