

# EXTERNAL DEBT MANAGEMENT

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## **Abstract:**

*External loans, badly used, don't help the economic development of a country but can have as negative effects the disturbance of the activities in the economy, the reduction of the access to external loans, the flight of the capitals, the diminution of the internal economies and implicitly the economic decrease. Therefore, at the level of each country, solid institutions are needed that can manage the external debt so as to minimize the risk of crises, in order to avoid the increase of external taxation or the need for a rapid increase of the external debt. External debt management has repercussions in many areas of economic policy, and foreign exchange, trade, monetary and budgetary policies directly influence the volume of external loans that need to be contracted. The aim of the paper is to analyze level and structure of Romania's debt and to reveal those methods of external debt management which bring economic benefits to our country.*

**Key words:** Public debt, external debt, debt management

**JEL Classification:** H62, H63, E62

## **1. Theoretical approach of sovereign debt management.**

The financing offer is limited and therefore the beneficiary of loans must choose the best possible combination of financing sources available at a given time, so that they correspond to the financing needs of major projects, but also to the needs of the economy as a whole.

It should also be borne in mind that a debtor country cannot, in general, influence the conditions under which it enters into a debt. They reflect the general characteristics of capital supply and demand and the economic policies of the lending countries.

Between the borrowing rate of a country and the world interest rate, there is a difference that increases in proportion to the worsening of country risk indicators and indebtedness indicators of the country, but also to the value of funds borrowed.

If the country risk approximated by the country rating, given by the rating agencies, is considered to be high (i.e. low country rating), the situation can be reached when the offer of external loans is zero.

Optimizing external financing consists, on the one hand, in obtaining as many loans as possible on concessional terms (this being the cheapest form of financing, but limited by their preferential destination to very poor countries), in the case of public loans, obtained from bi or multilateral sources, and on the other hand, in minimizing the costs of loans obtained under normal conditions (from international bodies, in bilateral relations or on international capital markets), in order to reduce the burden on the economy.

Official loans are usually accompanied by technical assistance, and are granted for longer periods than bank loans, and at fixed and lower interest rates.

Because the terms of a long-term loan are very different, the decision maker has to make some decisions in order to minimize the real cost generated by those funds. The real cost of a loan is a combination of several factors: interest rate, effective interest rate, maturity structure, calculated fees, annual cost, composition of currencies in which the loan is granted, drawdown scheme, grant element, total cost.

In addition to these factors, the decision-maker must take into account other qualitative criteria, such as: withdrawal procedures, planned repayment scheme, nature of the program or

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project being financed, quality of the loan portfolio after the realization of this loan and its impact on debt service.

If the loan is made to finance a certain investment project, the annual cost will have to be analyzed in correlation with the rate of return of the project, considering as a cost element the debt service related to the loan.

The nominal interest rate is part of the terms of the contract, and represents the annual cost paid for the amount actually drawn, less the amortizations already paid from that loan.

A high interest rate on external loans increases the service of external debt, ensuring its sustainability by obtaining other loan sources (uninspired solution given the effect of increasing the level of indebtedness), debt rescheduling (which may mean postponing the crisis) or increasing export earnings.

In order to determine the most appropriate structure of external debt, designed to reduce the burden on the economy, it is important to make decisions on the ratio between fixed-rate and floating-rate debt instruments. It is generally difficult to obtain medium and long term fixed rate loans.

If the interest rate is fixed, the borrower can determine the cost of the loan based on the drawdown schemes. The ratio between future interest payments and the relative projection of export earnings is a useful indicator, especially for forecasting the possibility of vulnerabilities in the country.

If the interest rate is variable (floating), the uncertainty of the costs and, consequently, of the utility and performance of the loan is manifested.

The most important risk that the interest rate introduces in debt management is the influence that the change of the inflation rate exerts on it, as well as of the exchange rate. An effective method of eliminating this risk is to calculate the costs generated by the loan based on the determination of the present value.

The maturity structure is divided into two distinct periods: the grace period and the repayment (or amortization) period, during which the loan is repaid.

When taking out a new loan, it is important to analyze its impact on the total loan portfolio, taking into account the maturity structure.

Thus, care must be taken that the debt service maturities of the new loan do not overlap with those of the other loans, so that the burden of the payment requirement becomes unbearable. The debt manager will have to plan the debt service payments, taking into account the maturities of each credit, in correlation with net foreign exchange inflows from commercial activities (exports) and financial activities (net capital inflows), as well as with reserves available to the National Bank.

Commercial loans involve many types of fees: agency fees, management fees, (for the bank that determines the terms of the loan), fees for the legal part, stamp duties, (according to the law or the country where the contract is concluded).

Some of these fees are in the form of a fixed amount, which is paid on the date of the contract, but most are a percentage of the loan amount and can be paid annually.

The total cost of the loan is used when it is more difficult to determine the present value of the loan, and applies only to loans with variable interest rates. The total cost of the loan is the annual average of the costs generated by a loan, including interest and all related fees. (Expressed in basis points compared to a base rate, such as LIBOR).

In general, the lower the total cost of the loan, the more convenient the loan is for the beneficiary. But in order to judge the effectiveness of a loan, several criteria will have to be taken into account, especially when comparing several lending alternatives.

The loan portfolio that forms the effective external debt (withdrawals minus principal repayments) of a state can consist of a wide range of currencies, depending on the sources of financing and the contractual conditions.

The foreign exchange structure of the external debt is one of the important aspects that must be taken into account in the external debt management process considering both the parity of each currency compared to the other convertible currencies and their predictable evolution.

The determination of the foreign exchange composition of the new loans must ensure that the exposure to foreign exchange risk is minimal, and take into account the structure of the country's foreign trade and foreign exchange reserves. Thus, the country should borrow in the currencies in which its exports are paid, and hold international foreign exchange reserves in the currencies needed to regulate imports.

## **2. The main characteristics of the Romanian external debt**

Total external debt increased extremely rapidly in the first years after Romania's accession to the EU, due to the lack of domestic capital and the fact that EU inclusion gave Romania credibility and allowed it to access funds with favourable credit conditions, reaching 76% of GDP, but subsequently, as a result of economic growth, increased exports and declining budget expenditures (wage cuts), the total external debt reached 48% of GDP in 2019.

From 2013 the external debt and its components started to decrease, a trend that continued in 2014 and 2015 (for total external debt), in 2015 (for short-term external debt) and throughout 2013-2018, for external debt medium and long. In 2019 there are again increases in total external debt, direct public debt and private debt

Medium and long-term external debt accounted for most of Romania's total external debt, which shows a favourable structure for the sustainable development of the national economy, because debt payment is made over a long period of time, does not unbalance the budget of state and does not jeopardize its development projects.

Until 2011, medium and long-term loans were used to offset the current account deficit, which was paid in 2011 (this contributed to the creation of the balance of payments deficit).

Given the different evolutions of public and private debt following the crisis (private debt has been in a downward trend since 2009 and public debt is on an upward trend) and their weights in long-term external debt have changed if at the beginning public loans had the majority share in the period. In recent years, public loans have the majority share. If we take into account the fact that private loans are made to support imports and public loans to support investment expenditures and salary and pension increases, we can say that the structure of public debt has improved in recent years.

A negative situation for the economy is the high level of credit interest rates in Romania, the result of a combination of factors including the lack of a real competitive environment and the reaction of local banks in the lending process to the overvalued real exchange rate of the national currency. Therefore, when they had the opportunity, private sector firms borrowed from foreign markets given the lower costs than the domestic market. This has increased dependence on external financial markets, in conditions of risk and uncertainty for both debtors and creditors.

Private external debt grew rapidly from 2006 to 2009 but then declined in the following years amid liquidity shortages, economic downturn, creditors' risk aversion caused by the financial crisis and its effects, this having a positive effect on the sustainability of external debt.

Direct external public debt increased almost constantly in 2009-2019, with the strongest increase in 2009-2013, when Romania borrowed almost 20 billion euro from the IMF. This loan was intended for domestic financing, given that the economic and financial crisis has increased investor distrust, with the difficulty and price of loans rising rapidly in the period immediately following the onset of the crisis.

Financial loans from multilateral institutions accounted for most of the medium and long-term external public debt until 2013, and since 2014 the share of funds attracted from multilateral institutions in the long-term external direct public debt has decreased, in favour of bonds, which have become the majority, institutional creditors being replaced by private creditors this having a negative impact on the Romanian economy, given that loans from multilateral institutions have certain advantages, instead of repaying existing external debt, they "roll", in more difficult credit conditions. This shows the need for an external debt repayment strategy, in line with the reorganization of the national economy and economic reforms. There is also a need for a debt strategy that establishes and uses an optimal ratio between medium and long-term debt and short-term debt, with due dates designed so that the burden of external debt service is evenly distributed over time, without burdensome peak payment moments.

Level of NBR reserve assets showed a well planned strategy to support a reserve currency that can meet the needs of reimbursement and possible occurrence of economic or financial shocks, reserves that increase financial credibility of Romania. It is noted that although Romania has gone through a difficult period after 2008 due to the financial crisis foreign exchange reserves increased continuously from 2008 until 2011 and then to remain around 32 billion euro with small annual variations. Romania's total foreign exchange reserves had several variations from 28 billion euro in 2008 to a maximum of 37.2 billion euro in 2011 so that in the next 4 years Romania has total reserves of about 35.5 billion euro, in the last 4 years they have been around the amount of 37 billion Euro. (See Annex Table 1.- Table7.)

### **3.International comparisons**

For 2019, Romania's total gross external debt as a percentage of GDP is the lowest of the EU countries of only 49.3%. Eastern European countries have low degrees of indebtedness compared to Western European ones. Thus the same indicator is for Bulgaria 57.4%, Czech Republic 76.2%, Poland 58.8%, Hungary 91.4%, Estonia 73.8%, while Western European countries have a high degree of external indebtedness Luxembourg 5600%, Malta 654.2%, Ireland 724.8%, Cyprus 849%, the Netherlands 473%, MB 301.8%.

Regarding the GDP growth compared to the previous year, Romania is in the leading group with a growth of 4.08% together with Ireland 5.88%, Hungary 4.93%, Malta 4.92%, Poland 4.15%, Lithuania 3.93%, high values compared to those of developed countries in the EU: Germany 0.56%, France 1.51%, Italy 0.30%, Austria 1.6%, the Netherlands 1.7%, MB 1.46 %. So we have countries with high GDP growth and high debt relative to GDP (Ireland, Malta), but also countries with high GDP growth and low debt relative to GDP (Romania, Hungary, Poland), so there is no the link between the growth rate of GDP and the degree of external indebtedness of countries.

In terms of current account deficit (or surplus) Romania has a large current account deficit -4.56% - the third in the EU after Ireland -11.35% and Cyprus -6.72, while many other countries current account surpluses were recorded: the Netherlands 9.95%, Malta 9.61%, Denmark 7.81%, Germany 7.07%. We have countries with a high degree of indebtedness that have current account surplus (ex Netherlands, Malta) but also countries with a current account deficit with a high degree of indebtedness (Ireland, Cyprus), we have countries with a low degree of indebtedness and current account surplus (Bulgaria, Croatia, Iceland, Lithuania), but also countries with a low degree of indebtedness and current account deficit (Romania, Czech Republic)

The relation between the country rating and the external debt relative to GDP: The AAA (premium) quotation is surprisingly received by countries with very high external debts Luxembourg, the Netherlands, Switzerland, but also by a group of countries with average

values of external debts in GDP: Denmark, Sweden, Germany. At the same time, countries with a small share of external debt in GDP have BBB or BBB-, Bulgaria 57.4%, Croatia 75.7%, Romania 49.2%. It is not possible to make a direct correlation between the country rating and the indicator of external debt in GDP, instead it is easy to notice that the higher the GDP of a country and especially the higher the GDP per capita, the country rating is better, and vice versa, the lower GDP per capita and the lower the country rating.

(See Annex Table 8.)

#### **4. Recommendations for Romania**

In order to increase the accessibility to loans and to obtain good credit conditions, Romania needs a persistent credible image in terms of political, economic and social conditions. This requires a mix of coherent policies to ensure a positive and predictable political and social environment without fractures and sudden changes.

Romania's main economic problems are the inflation rate one of the largest in the EU, the largest budget deficit in the EU, and as we have seen, the current account deficit one of the largest in the EU. With an intelligent use of budgetary resources, investments in those branches that incorporate high added value, investments in transport infrastructure but also the informational one, (and less the increases of social aids, pensions and salaries as at present), which to stimulate economic growth can be supported and therefore implicitly those economic indicators that have an important weight when granting a rating (GDP, GDP per capita, exports, current account surplus, unemployment, etc.). Regarding the reduction of external debt, we can say that as long as there are sustained rates of economic growth and external loans support this growth if the economic growth rate is higher than the effective interest rate it is more natural to follow the decrease of external debt relative to GDP and not the nominal value of the external debt.

To the extent that this desideratum is achieved in terms of investor perception and country rating, the loan portfolio must focus on advantageous loans, terms, grant element, effective interest, etc. Thus, they must be pursued outside a real fixed interest rate as low as possible so that the maturity of the loan is as high as possible so that the repayment effort is as small as possible.

The currency structure of the borrowed amounts must correspond to the currency sources of exports, so 73% of exports go to the EU (euro) and 27% extra EU (usd).

Current trends (increase in long-term loans and decrease in short-term loans, increase in the share of direct public debt in total debt and decrease in the share of publicly guaranteed debt, decrease in the share of loans obtained from bilateral and multilateral institutions and banks decreases over time on the capital market through bond issues increases) are positive and should be continued in the next period. Also, as the external debt increases, it is essential that the total international reserves held by the national bank increase as a necessary security element.

In terms of loans on the domestic market, they can be a quick way to obtain liquidity, but repeated use of this method can result in increased domestic interest rates, companies' access to loans is reduced, the increased cost of capital makes investments decreases, decreases the profitability of companies and thus slows down economic development, so this can be rather a measure to get out of certain difficult economic circumstances.

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## Annex

**Table 1. Total external debt, long-term external debt and short-term external debt**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>PIB (MIL EURO)</b>	139700	118300	124100	131500	133900	144700	150800	159000	170400	187800	202000	221748
RATĂ CR. ANUALĂ A PIB (%)		-15.32	4.90	5.96	1.83	8.07	4.22	5.44	7.17	10.21	7.56	9.78
<b>DATORIE EXTERNĂ TOTALĂ (MIL EURO)</b>	72467	82304	93624	99926	100857	98069	94744	92069	92910	97361	99841	105873
PONDERE ÎN PIB (%)	51.87	69.57	75.44	75.99	75.32	67.77	62.83	57.90	54.52	51.84	49.43	47.74
RATĂ CR. ANUALĂ (%)		13.57	13.7	6.73	0.93	-2.76	-3.39	-2.82	0.91	4.79	2.55	6.04
<b>1. DAT. EXT. PE T.L. (MIL EURO)</b>	51874.63	66714.14	74075.03	77131.43	79936.24	78859.70	75829.30	71424.50	69644.70	68520.20	68286.40	73646
PONDERE ÎN DAT. EXTERNĂ TOTALĂ	71.58	81.06	79.12	77.19	79.26	80.41	80.04	77.58	74.96	70.38	68.40	69.56
<b>2. DAT. EXT. PE TER SCURT (MIL EURO)</b>	20592.40	15589.40	19548.90	22794.70	20921.10	19209.20	18915.00	20644.00	23265.10	28840.50	31554.40	32226.8
PONDERE ÎN DAT. EXTERNĂ TOTALĂ	28.42%	18.94	20.88	22.81	20.74	19.59	19.96	22.42	25.04	29.62	31.60	30.44

Source: <https://www.bnr.ro>, author's calculations

**Table 2. External debt, components**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>1. DAT. EXT. PE T.L. (MIL EURO)</b>	51874.63	66714.14	74075.03	77131.43	79936.24	78859.70	75829.30	71424.50	69644.70	68520.20	68286.40	73646
<b>1.1. DATORIE PUBLICĂ DIRECTĂ (MIL EURO)</b>	9053.60	12009.10	16184.40	19642.80	23782.00	29069.00	31754.20	30940.80	31752.10	33117.50	34498.40	39192.1
POND. ÎN DAT. EXT. PE T. L. (%)	17.45	18.00	21.85	25.47	29.75	36.86	41.88	43.32	45.59	48.33	50.52	53.22
<b>1.2. DATORIE PUBLIC GARANTATĂ (MIL EURO)</b>	1721.00	1517.20	1708.20	1465.80	1423.60	1224.50	1078.30	668.90	547.10	432.20	351.40	285.1
POND. ÎN DAT. EXT. PE T. L. (%)	3.32	2.27	2.31	1.90	1.78	1.55	1.42	0.94	0.79	0.63	0.51	0.39
<b>1.3. DATORIE PRIVATĂ (MIL EURO)</b>	35549.40	39187.00	37733.20	36133.30	37182.90	36303.20	34311.60	33497.80	32453.30	31330.90	30807.50	32203.2
POND. ÎN DAT. EXT. PE T. L. (%)	68.53	58.74	50.94	46.85	46.52	46.04	45.25	46.90	46.60	45.73	45.12	43.73
<b>1.4. DEPOZITE PE TERMEN LUNG ALE NEREZIDENTILOR</b>	5467.30	7242.50	8227.70	8489.90	7745.00	6452.70	6090.50	4943.10	3637.40	2468.60	1432.80	749.4
POND. ÎN DAT. EXT. PE T. L. (%)	10.54	10.86	11.11	11.01	9.69	8.18	8.03	6.92	5.22	3.60	2.10	1.02
<b>1.5. IMPRUMUTURI DE LA FMI</b>	0.00	5685.50	9082.60	10231.10	8654.50	4708.40	1421.30	122.20	0.00	0.00	0.00	0.00
POND. ÎN DAT. EXT. PE T. L. (%)	0.00	8.52	12.26	13.26	10.83	5.97	1.87	0.17	0.00	0.00	0.00	0.00
<b>1.6. DST DE LA FMI</b>	83.33	1072.84	1138.93	1168.53	1148.24	1101.90	1173.30	1251.60	1254.90	1170.90	1196.30	1216.1
POND. ÎN DAT. EXT. PE T. L. (%)	0.16	1.61	1.54	1.51	1.44	1.40	1.55	1.75	1.80	1.71	1.75	1.65

Source: <https://www.bnr.ro>, author's calculations**Table 3. Direct public debt, public guaranteed debt and private debt, as a percentage of long-term external debt**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>1.1. DAT PUBLICĂ DIR (% DIN DAT. EXT. PE T.L.)</b>	17.5	18.0	21.8	25.5	29.8	36.9	41.9	43.3	45.6	48.3	50.5	53.2
<b>1.2. DATORIE PUBLIC GARANT (% DIN DAT. EXT. PE T.L.)</b>	3.3	2.3	2.3	1.9	1.8	1.6	1.4	0.9	0.8	0.6	0.5	0.4
<b>1.3. DATORIE PRIVATĂ (% DIN DAT. EXT. PE T.L.)</b>	68.5	58.7	50.9	46.8	46.5	46.0	45.2	46.9	46.6	45.7	45.1	43.7

Source: <https://www.bnr.ro>, author's calculations

**Table 4. Short and long term debt service (millions of euros)**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SER. DAT. PE T. L.	13056.1	12272.2	14696.4	15138.8	18663.4	26285.7	24103.1	25285.4	21041.8	19440.2	19131.8	16736.6
RATĂ CRES. ANUALĂ (%)		-6.00	19.75	3.01	23.28	40.84	-8.30	4.91	-16.78	-7.61	-1.59	-12.52
SER. DAT. PE T. S.	32519.5	36765.7	29078.9	31093.6	35604.5	33675.1	33915.6	32285.0	49393.9	41450.9	46688.4	50730.8

Source: <https://www.bnr.ro>, author's calculations

**Table 5. International reserves and exports**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REZERVE INTERNAȚIONALE TOTALE (MIL EURO)	28269.9	30858.6	35950.7	37251.8	35413.0	35434.5	35505.7	35485.1	37905.4	37106.7	36800.2	37450.0
REZERVE VALUTARE INTERNAȚIONALE (MIL EURO)	26133.9	27321.5	31638.0	32737.3	31091.9	32497.0	32199.8	32227.0	34241.6	33494.5	33064.7	32926.7
PROCENT REZ. VALUTARE ÎN REZEV TOTALE (%)	92.4	88.5	88.0	87.9	87.8	91.7	90.7	90.8	90.3	90.3	89.8	87.9
SERV DAT T.L./REZ. VALUTARE (%)	50.0	44.9	46.5	46.2	60.0	80.9	74.9	78.5	61.5	58.0	57.9	50.8
EXPORTURI DE BUNURI ȘI SERVICII (FOB)	42479	36148	43989	52528	53472	57308	61908	65742	70180	77880	85612	89385
RATĂ CR. ANUALĂ (%)		-14.9	21.7	19.4	1.8	7.2	8.0	6.2	6.8	11.0	9.9	4.4

Source: <https://www.bnr.ro>, author's calculations

**Table 6. Solvency indicators**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DAT. EXT. TOTALA / EXPORT (%)	170.6	227.7	212.8	190.2	188.6	171.1	153.0	140.0	132.4	125.0	116.6	118.4
DAT. EXT. T.L. / EXPORT (%)	122.1	184.6	168.4	146.8	149.5	137.6	122.5	108.6	99.2	88.0	79.8	82.4
REZERVE VAL. / DAT. EXT. T.L. (%)	50.4	41.0	42.7	42.4	38.9	41.2	42.5	45.1	49.2	48.9	48.4	44.7
SERV. DAT. EXT. PE T.L. / PIB (%)	9.3	10.4	11.8	11.5	13.9	18.2	16.0	15.9	12.3	10.4	9.5	7.5
SERV. DAT. EXT. PE T.L. / EXPORT (%)	30.7	33.9	33.4	28.8	34.9	45.9	38.9	38.5	30.0	25.0	22.3	18.7
SERV. DAT. EXT. PE T.L. / REZ. VAL (%)	50.0	44.9	46.5	46.2	60.0	80.9	74.9	78.5	61.5	58.0	57.9	50.8

Source: <https://www.bnr.ro>, author's calculations



**Table 7. Long-term external debt, creditors**

AN	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>DATORIE EXTERNĂ PE TERMEN LUNG</b>	51874.6	66714.1	74075.0	77131.4	79936.2	78859.7	75829.3	71424.5	69644.7	68520.2	68286.4	73646
<b>DATORIE PUBLICĂ DIRECTĂ</b>	9053.6	12009.1	16184.4	19642.8	23782.0	29069.0	31754.2	30940.8	31752.1	33117.5	34498.4	39192.1
INSTITUȚII MULTILAT (CREDITE FINANC)	4687.0	7758.7	11576.9	14143.0	14300.6	14150.0	13269.2	12275.2	11748.3	10505.8	8949.0	7492.4
POND ÎN DAT. PUBL. DIR. (%)	51.77	64.61	71.53	72.00	60.13	48.68	41.79	39.67	37.00	31.72	25.94	19.12
INSTIT BILATERALE (CREDITE FINANC)	65.0	56.2	60.8	47.1	43.6	37.8	34.8	31.8	30.7	26.3	16.4	15.2
POND ÎN DAT. PUBL. DIR. (%)	0.72	0.47	0.38	0.24	0.18	0.13	0.11	0.10	0.10	0.08	0.05	0.04
EMISIUNI DE OBLIGAȚIUNI	2640.0	2773.3	2898.9	4297.7	8458.0	14052.6	17805.4	18137.6	19600.2	22366.7	25433.1	31609.6
POND ÎN DAT. PUBL. DIR. (%)	29.16	23.09	17.91	21.88	35.56	48.34	56.07	58.62	61.73	67.54	73.72	80.65
BĂNCI	689.2	811.3	764.2	806.8	685.2	550.0	425.7	322.0	224.6	126.2	76.6	54.3
POND ÎN DAT. PUBL. DIR. (%)	7.61	6.76	4.72	4.11	2.88	1.89	1.34	1.04	0.71	0.38	0.22	0.14
ALTELE	58.8	609.5	883.6	348.2	294.6	278.6	219.1	174.2	148.3	92.5	23.0	20.7
POND ÎN DAT. PUBL. DIR. (%)	0.65	5.08	5.46	1.77	1.24	0.96	0.69	0.56	0.47	0.28	0.07	0.05
<b>DATORIE PUBLIC GARANTATĂ</b>	1721.0	1517.2	1708.2	1465.8	1423.6	1224.5	1078.3	668.9	547.1	432.2	351.4	285.1
INSTIT. MULTILATER (CREDITE FINANC)	635.9	636.4	931.8	819.6	888.7	816.2	733.7	356.0	284.8	222.4	180.0	144.2
POND ÎN DAT. PUBL. GR. (%)	36.95	41.95	54.55	55.91	62.43	66.66	68.04	53.22	52.06	51.46	51.22	50.58
ALTELE (CREDITE. FINAN COMERCIALE S.A.)	1085.2	880.8	776.4	646.3	534.9	408.4	344.6	313.0	262.4	209.8	171.4	140.9
POND ÎN DAT. PUBL. GR. (%)	63.06	58.05	45.45	44.09	37.57	33.35	31.96	46.79	47.96	48.54	48.78	49.42
<b>DATORIE PRIVATĂ (NEGARANT. PUBLIC)</b>	35549.4	39187.0	37733.2	36133.3	37182.9	36303.2	34311.6	33497.8	32453.3	31330.9	30807.5	32203.2

Source: <https://www.bnr.ro>, author's calculations

**Table 8. International comparisons**

Tara	Dat Ext Tot/PIB	Rata PIB	Cont Curent	S&P	Moody 's	Fitch
Austria	153.7	1.60	2.62	AA+	Aa1	AA+
Belgia	242.7	1.40	-1.23	AA	Aa3	AA-
Bulgaria	57.4	3.37	4.04	BBB	Baa1	BBB
Croatia	75.7	2.94	2.78	BBB-	Ba1	BBB-
Cipru	849.0	3.23	-6.72	BBB-	Ba2	BBB-
Cehia	76.2	2.34	-0.37	AA-	Aa3	AA-
Danemarca	143.4	2.35	7.81	AAA	Aaa	AAA
Estonia	73.8	5.00	2.64	AA-	A1	AA-
Finlanda	222.5	1.15	-0.46	AA+	Aa1	AA+
Franta	230.0	1.51	-0.67	AA	Aa2	AA
Germania	144.2	0.56	7.07	AAA	Aaa	AAA
Grecia	242.8	1.87	-2.10	BB-	Ba3	BB
Ungaria	91.4	4.93	-0.85	BBB	Baa3	BBB
Islanda	78.1	1.94	6.18	A	A2	A
Irlanda	724.8	5.88	-11.35	AA-	A2	A+
Italia	124.6	0.30	2.96	BBB	Baa3	BBB-
Letonia	122.6	2.20	-0.54	A+	A3	A-
Lituania	67.7	3.93	4.27	A+	A3	A
Luxemburg	5,633.2	2.30	4.48	AAA	Aaa	AAA
Malta	654.2	4.92	9.61	A-	A2	A+
Olanda	473.6	1.68	9.95	AAA	Aaa	AAA
(Norvegia)	162.9	1.16	4.10	AAA	Aaa	AAA
Polonia	58.8	4.15	0.41	A-	A2	A-
Portugal	192.1	2.17	-0.09	BBB	Baa3	BBB
Romania	49.2	4.08	-4.56	BBB-	Baa3	BBB-
Slovenia	112.4	2.40	-2.87	A+	A2	A
Slovenia	90.5	2.44	5.67	AA-	A3	A
Spania	169.6	1.98	1.97	A	Baa1	A-
Suedia	164.3	1.26	4.20	AAA	Aaa	AAA
(Elvetia)	259.2	1.25	11.52	AAA	Aaa	AAA
MB	301.8	1.46	-4.01	AA	Aa3	AA-

Source: <https://www.imf.org/en/Publications/WEO/weo-database/2020/October>

**Table 9. International country ratings board**

Grade	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
Highly speculative	B1	B+	B+
	B2	B	B
	B3	B-	B-
Substantial risks	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
Extremely speculative	Ca	CC	CC
			C
In default with little prospect for recovery		SD	RD
In default	C	D	D
			DD
			DDD
Not rated	WR	NR	

Source: <https://countryeconomy.com/ratings>