



4

Presentation of the Gross External Debt Position

Introduction

4.1 This chapter provides a table for the presentation of the gross external debt position and related memorandum tables. Data compiled using the concepts and definitions outlined in the previous chapters and presented in the format of this table are essential to providing a comprehensive and informed picture of the gross position for the whole economy, and so their dissemination on a frequent basis is encouraged (see Box 4.1).

4.2 In disseminating data on the gross external debt position, compilers are encouraged to provide methodological notes (metadata) explaining the concepts, definitions, and methods used in compiling the data. For any presentation of gross external debt position, it is particularly important for the compiler to clearly indicate whether debt securities are valued at nominal or market value¹ (see paragraph 2.33) and whether interest costs that have accrued but are not yet payable are included.

Presentation Table

4.3 The presentation of the gross external debt position on the basis of an “institutional-sector approach” is set out in Table 4.1.²

¹Table 7.16 shows a reconciling of nominal and market valuation of debt securities.

²For SDDS subscribers, gross external debt position (Table 4.1) is relevant for the prescribed external debt data category. Debt-service payment schedule (Table 7.2), principal and interest payments on external debt due in one year or less (Table 7.5), and foreign currency and domestic currency denominated external debt position (Table 7.6) are relevant for the encouraged external debt information. For GDDS participants, the position data and debt-service payment schedule on the public and publicly guaranteed private sector external debt, and on the private sector external debt not publicly guaranteed, are presented in Table 5.1 and Table 7.3, respectively.

- The first level of disaggregation is by institutional sector. The primary disaggregation is by the four sectors of the compiling economy described in the previous chapter—*general government, central bank, deposit-taking corporations, except the central bank, and other sectors*.³ A disaggregation of the other sectors into *other financial corporations, nonfinancial corporations, and households and nonprofit institutions serving households (NPISHs)* is provided.
- *Intercompany lending* between entities in a direct investment relationship is separately presented because the nature of the relationship between debtor and creditor is different from that for other debt, and this affects economic behavior. Whereas a creditor principally assesses claims on an unrelated entity in terms of the latter’s ability to repay, claims on a related entity may be additionally assessed in terms of the overall profitability and economic objectives of the multinational operation. The different types of intercompany lending liabilities under a direct investment relationship are presented.
- The second level of disaggregation is by the maturity of external debt—short-term and long-term on an original maturity basis. A maturity attribution is not provided for intercompany lending.⁴
- The third level of disaggregation is by type of debt instrument. The debt instruments are described in Chapter 3.

³In economies in which some central banking functions are performed wholly or partly outside the central bank, supplementary data for the monetary authorities sector (as defined in Chapter 3) could be considered.

⁴If a short-/long-term maturity attribution of intercompany lending data is available to the compiler on an original maturity basis, the *Guide* encourages dissemination of these data.

Box 4.1 SDDS and GDDS Specifications Regarding Dissemination of External Debt Statistics

In the aftermath of the 1994–1995 international financial crisis, the Interim Committee (now called the International Monetary and Financial Committee) of the IMF's Board of Governors endorsed the establishment of a two-tier standard to guide member countries in the provision of economic and financial data to the public. The first tier, named the Special Data Dissemination Standard (SDDS), was approved by the IMF's executive board on March 29, 1996. The other tier, named the General Data Dissemination System (GDDS), was approved on December 19, 1997.

The purpose of the SDDS is to guide IMF member countries in the provision to the public of comprehensive, timely, accessible, and reliable economic and financial statistics in a world of increasing economic and financial integration. The SDDS is geared toward those countries that have, or might seek, access to international capital markets. Subscription to the SDDS is voluntary. By subscribing to the SDDS, members undertake to provide the supporting information to the IMF and to observe the various elements of the SDDS.¹

With respect to the external debt data category, the SDDS prescribes the dissemination of quarterly data for the whole economy with a one-quarter lag, covering four sectors (general government, monetary authorities, banking sector, and other sectors), which are based on *BPM5*. Data on a *BPM6* basis should be presented in equivalent detail. Direct investment: Intercompany lending should preferably be disseminated separately from the four sectors. Data are to be further disaggregated by maturity—short- and long-term—and provided on an original maturity basis and by instrument, as set out in *BPM5*. Data on a *BPM6* basis should be presented in equivalent sector, instrument, and maturity detail.

The SDDS encourages the dissemination of more detailed supplementary information on future *debt-service payments*, in which the principal and interest components are separately identified, twice yearly for the first four quarters and the following two semesters ahead, with a lag of one quarter. These data may be broken down into four sectors (general government, monetary authorities, banking sector, and other sectors). Data on a *BPM6* basis should be presented in

equivalent sector detail. Direct investment: Intercompany lending should preferably be disseminated separately from the four sectors. In addition, dissemination of data on gross outstanding external debt by *remaining maturity* is encouraged for principal and interest payments due in one year or less, disaggregated by the four sectors (general government, monetary authorities, banking sector, and other sectors) and Direct investment: Intercompany lending, with quarterly periodicity and quarterly timeliness. Data on a *BPM6* basis should be presented in equivalent sector detail. Finally, the dissemination of external debt data disaggregated by *currency* (domestic and foreign) with quarterly periodicity and timeliness is also encouraged.

The GDDS is a structured process focused on data quality that assists countries in adapting their statistical systems to meet the evolving requirements of the user community in the areas of economic management and development. Participating countries voluntarily commit to adhering to sound statistical practices in developing their statistical systems.

The data components for external debt in the GDDS include public and publicly guaranteed debt, the associated debt-service schedule, and private debt not publicly guaranteed. Recommended good practice would be that the public and publicly guaranteed debt position data, broken down by maturity—short- and long-term—be disseminated with quarterly periodicity and timeliness of one to two quarters after the reference date, with a further breakdown by instrument as set out in *BPM5* (or *BPM6* equivalent) encouraged. In addition, the associated debt-service schedules are recommended to be disseminated twice yearly, within three to six months after the reference period, and with data for four quarters and two semesters ahead, with a further breakdown into principal and interest encouraged. Position data on private external debt not publicly guaranteed with annual periodicity are recommended to be disseminated within six to nine months after the reference period, and the debt-service schedules for private external debt not publicly guaranteed are encouraged with the same periodicity and timeliness.

¹ On February 22, 2012, the IMF's Executive Board approved the SDDS Plus as an additional tier of the Fund's Data Standards Initiatives. The SDDS Plus builds on the SDDS to guide member countries on the provision of economic and financial data to the public in support of domestic and international financial stability. No changes to the external debt data category are included in the SDDS Plus (see <http://dsbb.imf.org/>).

4.4 Total value of arrears and debt securities by sector are separately identified in memorandum items to Table 4.1. Arrears are recorded until the liability is extinguished and are presented in nominal value in the memorandum items. Such information is of particular analytical interest to those involved in external debt analysis, since the existence of arrears indicates the extent to which an economy has been unable to meet its external obligations.

4.5 This *Guide* recommends that both nominal and market values be provided for debt securities (see paragraph 2.33). Nevertheless, most economies disseminate debt securities data only on a single valuation basis (either nominal or market value basis). As a consequence, inconsistencies may arise in macroeconomic analysis and cross-country data comparisons on external debt. To fully articulate the *Guide's* recommendation on the valuation basis, debt securities data

Table 4.1 Gross External Debt Position: By Sector

	End Period
General Government	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Special drawing rights (allocations)	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Central Bank	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Special drawing rights (allocations)	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Deposit-Taking Corporations, except the Central Bank	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Other Sectors	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Currency and deposits ¹	
Debt securities	

Table 4.1 (Continued)

	End Period
Other Sectors, Long-term, continued	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Other financial corporations	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Nonfinancial corporations	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Households and nonprofit institutions serving households (NPISHs)	
Short-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Direct Investment: Intercompany Lending	
Debt liabilities of direct investment enterprises to direct investors	
Debt liabilities of direct investors to direct investment enterprises	
Debt liabilities between fellow enterprises	
Gross External Debt Position	

(Continued)

Table 4.1 (Continued)	
	End Period
Memorandum Items	
Arrears: By Sector	
General Government	
Central Bank	
Deposit-Taking Corporations, except the Central Bank	
Other Sectors	
Other financial corporations	
Nonfinancial corporations	
Households and nonprofit institutions serving households (NPISHs)	
Direct investment: Intercompany lending	
Debt Securities: By Sector⁴	
General Government	
Short-term	
Long-term	
Central Bank	
Short-term	
Long-term	
Deposit-Taking Corporations, except the Central Bank	
Short-term	
Long-term	
Other Sectors	
Short-term	
Long-term	

should be valued in memorandum items to Table 4.1, either at market value if they are presented at nominal value in the table or at nominal value if they are presented at market value in the table.⁵

4.6 *BPM6* gives increased emphasis to the IIP statistics in international accounts compilation and analysis. Provided that debt securities are valued at market value, the gross external debt position as presented in the *Guide* equals the debt liabilities in the IIP statement, i.e., total IIP liabilities excluding all equity (equity shares and other equity) and investment fund shares and financial derivatives and employee stock option (ESO) liabilities, allowing comparability across datasets.

4.7 The chapter also presents six memorandum tables with data, which, depending on an economy's circumstances, can enhance the analytical usefulness of the data presented in the gross external debt position.

Memorandum Tables

4.8 To enhance analytical usefulness, various memorandum data series might be presented along with the

⁵Debt securities in the memorandum items to Table 4.1 do not include those that may be included in *Direct investment: Intercompany lending*. However, if significant, additional information on these securities at both nominal and market value could be provided.

Table 4.1 (Concluded)	
	End Period
Debt Securities: By Sector, continued	
Other financial corporations	
Short-term	
Long-term	
Nonfinancial corporations	
Short-term	
Long-term	
Households and nonprofit institutions serving households (NPISHs)	
Short-term	
Long-term	

¹It is recommended that all currency and deposits be included in the short-term category unless detailed information is available to make the short-term/long-term attribution.

²Other debt liabilities comprise insurance, pension, and standardized guarantee schemes, and other accounts payable-other in the IIP statement. In the absence of information to make the short-term/long-term attribution, it is recommended that insurance, pension, and standardized guarantee schemes be classified as long term.

³Arrears are recorded in the original debt instrument rather than in other debt liabilities, short term, and separately identified by sectors in memorandum items.

⁴Debt securities are valued at market value if they are presented at nominal value in the table, or at nominal value if they are presented at market value in the table. Debt securities in the memorandum items do not include those that may be included in *Direct investment: Intercompany lending*.

presentation of the gross external debt position. The first memorandum table (Table 4.2) provides information on external debt arrears of the total economy. The second memorandum table provides information on the external debt position by short-term remaining maturity for the total economy. The next three memorandum tables—financial derivatives and ESOs, equity liabilities, and debt securities issued by residents who are involved in reverse security transactions between residents and nonresidents—present information on instruments that are not captured in the gross external debt position. The last memorandum table—guaranteed external debt—presents information on explicit contingent liabilities by sector (part of which are captured in the gross external debt position). These memorandum tables provide information on selected liabilities (current and/or contingent) that potentially could render an economy vulnerable to solvency and, particularly, liquidity risks.

Arrears⁶

4.9 For some economies, arrears are very significant. For such economies, a further disaggregation of

⁶For additional information about the treatment of arrears in the gross external debt statistics, see Appendix 7.

Table 4.2 Gross External Debt Position: Arrears by Sector^{1,2}

	End Period
General Government	
Principal	
Interest	
Central Bank	
Principal	
Interest	
Deposit-Taking Corporations, except the Central Bank	
Principal	
Interest	
Other Sectors	
Principal	
Interest	
Other financial corporations	
Principal	
Interest	
Nonfinancial corporations	
Principal	
Interest	
Households and nonprofit institutions serving households (NPISHs)	
Principal	
Interest	
Direct Investment: Intercompany Lending	
Principal	
Interest	
Debt liabilities of direct investment enterprises to direct investors	
Principal	
Interest	
Debt liabilities of direct investors to direct investment enterprises	
Principal	
Interest	
Debt liabilities between fellow enterprises	
Principal	
Interest	
Total Economy	

¹ Valued at nominal value.

² Interest includes accrued interest on arrears of principal and interest.

arrears into arrears of principal and arrears of interest by institutional sector is encouraged. Also, if the amounts of technical and/or transfer arrears are significant, it is encouraged that data on these amounts be separately identified and disseminated by the compiling economy.

4.10 A memorandum table for the presentation of position data on arrears on external debt by sector is provided in Table 4.2. The memorandum table presents arrears at nominal value because it is a measure of the overdue amount that the debtor owes to the

Table 4.3 Gross External Debt Position: Short-Term Remaining Maturity—Total Economy

	End Period
Short-term debt on an original maturity basis	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ^{2,3}	
Long-term debt obligations due for payment within one year or less	
Currency and deposits ¹	
Debt securities	
Loans	
Trade credit and advances	
Other debt liabilities ²	
Total Economy	
Memorandum Items	
Arrears (total, all sectors)	
Debt securities⁴	
Short-term debt securities on an original maturity basis	
Long-term debt securities obligations due for payment within one year or less	

¹ It is recommended that all currency and deposits be included in the short-term category unless detailed information is available to make the short-term/long-term attribution.

² Other debt liabilities comprise insurance, pension, and standardized guarantee schemes, and other accounts payable-other in the IIP statement.

³ Arrears are recorded in the original debt instrument rather than in other debt liabilities, short term.

⁴ Debt securities are valued at market value if they are presented at nominal value in the table, or at nominal value if they are presented at market value in the table. Debt securities in the memorandum items do not include those that may be included in Direct investment: Intercompany lending.

creditor, typically according to the terms of the contract between the two parties.

External Debt by Short-Term Remaining Maturity

4.11 The *Guide* recommends that in the gross external debt position, the short-term/long-term maturity attribution be made on the basis of original maturity; in addition, the distinction between long- and short-term maturity on a remaining maturity basis is recommended (see paragraphs 2.60–2.61 and 6.6–6.7). Compiling information on external debt on a short-term remaining maturity basis helps in the assessment of liquidity risk by indicating that part of the gross external debt position that is expected to fall due in the coming year. A memorandum table for the presentation of gross external debt position data by short-term remaining maturity for the total economy is provided in Table 4.3. Short-term remaining

maturity external debt is presented by adding the value of outstanding short-term external debt (original maturity) to the value of outstanding long-term external debt (original maturity) due to be paid in one year or less.

4.12 Total value of arrears (if applicable) and debt securities is separately identified in memorandum items to Table 4.3. Arrears are recorded until the liability is extinguished and are presented at nominal value in the memorandum items. Arrears are always short-term remaining maturity obligations, but the original maturity of the instrument could be short- or long-term.

4.13 This *Guide* recommends that both nominal and market values be provided for debt securities (see paragraph 2.33). For this purpose, in memorandum items to Table 4.3, debt securities are valued either at market value if they are presented at nominal value in the table or at nominal value if they are presented at market value in the table.

Financial Derivatives and Employee Stock Options (ESOs)

4.14 A memorandum table for the presentation of position data on financial derivatives and ESOs⁷ with nonresidents by sector is provided in Table 4.4. Because of the use of financial derivatives to hedge financial positions as well as to take open positions, these contracts can add to an economy's liabilities and, if used inappropriately, cause significant losses. However, in comparing financial derivatives data with external debt position data, the user should be aware that financial derivatives might be hedging asset positions, or a whole portfolio of assets and liabilities. In this regard, the net external debt position presentation in Chapter 7 is also relevant.

4.15 Table 4.4 includes gross assets as well as gross liabilities because of the market practice of creating offsetting contracts and the possibility of forward-type instruments to switch from asset to liability positions, and vice versa, from one period to the next.

⁷If ESO data are unavailable, and it is unlikely that the amounts are significant, on de minimis grounds data should not be collected just to meet the requirements of this table.

Table 4.4 Financial Derivatives and Employee Stock Options (ESOs) Positions with Nonresidents: By Sector

	End Period
Liabilities	
General Government	
Central Bank	
Deposit-Taking Corporations, except the Central Bank	
Other Sectors	
Other financial corporations	
Nonfinancial corporations	
Households and nonprofit institutions serving households (NPISHs)	
Assets¹	
General Government	
Central Bank	
Deposit-Taking Corporations, except the Central Bank	
Other Sectors	
Other financial corporations	
Nonfinancial corporations	
Households and nonprofit institutions serving households (NPISHs)	
Total Economy	

¹Excludes financial derivatives that pertain to reserve asset management and are included in reserve assets data.

For instance, a borrower hedging a foreign currency borrowing with a forward contract might find that the value of the hedge switches from asset to liability position from period to period depending on the movement in exchange rates. To present only the liability position in financial derivatives along with gross external debt would imply that the foreign currency borrowing was only hedged when the forward contract was in a liability position, so creating a misleading impression. Thus, financial derivatives liability positions should be considered alongside financial derivatives asset positions. If an economy includes financial derivatives in its reserve assets data, because they pertain to reserve asset management, these financial derivatives should be excluded from this memorandum item. Once a financial derivative reaches its settlement date, any unpaid overdue amount becomes debt, and thus is presented under other debt liabilities, short-term.

Equity Liabilities

4.16 Table 4.5 is a memorandum table for the presentation of position data on equity liabilities with nonresidents by sector, i.e., equity (both equity shares and

Table 4.5 Equity Liability Positions with Nonresidents: By Sector

	End Period
Deposit-Taking Corporations, except the Central Bank ¹	
Other Sectors ¹	
Other financial corporations	
Nonfinancial corporations	
Direct Investment: Equity and investment fund shares	
Total Economy	

¹ May include other equity liabilities (*BPM6*, paragraph 5.26).

other equity) and investment fund shares, with direct investment positions separately identified. Similar to financial derivatives positions, equity can add to an economy's liabilities and so could potentially be a source of vulnerability.

4.17 In some instances, resident mutual funds are used as a vehicle by nonresident investors to acquire positions in domestic debt securities. If the nonresidents decide to sell these investments, the sales can have a direct impact on the domestic debt securities market. As explained in Chapter 3, such investments by nonresidents are classified as equity liabilities of the resident economy. Nonetheless, identifying equity investment in mutual funds, under other financial corporations in the table, might be considered. Further, if the amounts are significant and concentrated in mutual funds that are entirely or almost entirely owned by nonresidents, memoranda data on the investments of these mutual funds might also be disseminated.

Resident-Issued Debt Securities Involved in Reverse Security Transactions

4.18 In financial markets, activity in reverse security transactions is commonplace. It is one method of providing an investor with financial leverage in the debt markets, i.e., greater exposure to market price movements than the value of own funds invested. To understand the dynamics of this leverage activity and to track developments and hence potential vulnerability, a memorandum table is provided in Table 4.6 for the presentation of position data on debt securities issued by residents that are acquired from or provided to nonresidents under reverse security transactions (see paragraphs 3.37 and 3.38

Table 4.6 Debt Securities Acquired Under Reverse Security Transactions¹: Positions

	End Period
Debt securities issued by residents and acquired by nonresidents from residents (+)	
Debt securities issued by residents and acquired by residents from nonresidents (-)	

¹ Reverse security transactions include all arrangements whereby one party (security taker) acquires debt securities and agrees, under a legal agreement at inception, to return the same or similar securities on or by an agreed date to the same party from whom it acquired the debt securities initially (security provider). The security taker must have full title to the debt securities such that they can be sold to a third party. These arrangements can include those known as repurchase agreements (repos), security lending, and sell/buybacks.

for the recording treatment). Such data would also help to interpret external debt, in particular security debt data when reverse security activity is significant and could be affecting the recorded position. For debt securities to be included in this memorandum table, the acquiring party (security taker) must have full title (legal ownership) to the debt securities such that they can be sold to a third party.

4.19 In the table, the total value of debt securities issued by residents that have been acquired by nonresidents from residents under outstanding reverse security transactions, even if subsequently on-sold, is included with a positive sign. The total value of debt securities issued by residents that have been acquired by residents from nonresidents under outstanding reverse security transactions, even if subsequently on-sold, is included with a negative sign. This sign convention tracks the change of legal ownership of debt securities. Other things being equal, if nonresidents acquire these securities under reverse security transactions, the external debt security claims on the resident economy are greater than those recorded in the gross external debt position, whereas if residents acquire these debt securities from nonresidents under reverse security transactions, the external debt security claims on the resident economy are less than those recorded in the gross external debt position. Appendix 2 provides more information on reverse security transactions and explains how different types of reverse security transactions should also be recorded in the gross external debt position and in this memorandum table.

Guaranteed External Debt Position

4.20 The *Guide* encourages the measurement and monitoring of contingent liabilities, especially of guarantees, and outlines some measurement techniques (see Chapter 9). The magnitude of these “off-balance-sheet” obligations in recent financial crises reinforced the need to monitor them. Consequently, a memorandum table for the presentation of position data on a narrow, albeit important, range of explicit contingent liabilities by sector of the guarantor is provided in Table 4.7. The memorandum table presents the value of guarantees of residents’ external debt liabilities (liabilities of a unit of a resident sector, the servicing of which is contractually guaranteed by a unit of another sector resident in the same economy as the debtor)⁸ and cross-border guarantees (debt of nonresidents to other nonresidents that is contractually guaranteed by a resident entity and debt of a legally dependent nonresident branch of a resident unit that is owed to a nonresident).⁹ In both instances, the *Guide* recommends that the contingent external debt liability should be valued in terms of the maximum exposure loss.

	End Period
General Government	
Resident debtor ²	
Nonresident debtor ³	
Central Bank	
Resident debtor ²	
Nonresident debtor ³	
Deposit-Taking Corporations, except the Central Bank	
Resident debtor ²	
Nonresident debtor ³	
Other Sectors	
Resident debtor ²	
Nonresident debtor ³	
Other financial corporations	
Resident debtor ²	
Nonresident debtor ³	
Nonfinancial corporations	
Resident debtor ²	
Nonresident debtor ³	
Direct Investment: Intercompany Lending	
Nonresident debtor ³	
Total Guaranteed External Debt Position	

¹The maximum exposure loss of guarantees of resident's external debt liabilities and cross-border guarantees (see paragraphs 9.22–9.29).

²External debt liabilities of a unit of one resident sector, the servicing of which is contractually guaranteed by a unit of another sector resident in the same economy.

³Debt of nonresidents to other nonresidents that is guaranteed by a resident unit (inward risk transfer, column 2 in Table 9.3).

⁸These liabilities are captured/covered in the gross external debt position as debt of the sector of the original debtor, whereas in this memorandum table they are presented as contingent liabilities (guarantees) of the sector of the guarantor.

⁹Cross-border guarantees are included in Table 9.3, column 2, as inward risk transfer.