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Italy's net public debt sustainability

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11-08-2011, 10:43 AM #1

[Joaquin Aguirre](#)
 Junior Member

 Join Date: Nov 2011
 Location: Santiago, Chile
 Posts: 3

Italy's net public debt sustainability

 Question.

 Checking on WEO Data, the Net Public **Debt** to GDP for Italy is forecasted to be 100.4% by the end of 2011. Then if you see the forecast for 2016, this figure should be around 94,8%.

 Nevertheless, the account "General Government Net Lending" as % of GDP will be negative every year, so I dont understand what I am missing, since the net **debt** is decreasing, but the General Government Net "Borrowing" is always increasing.

 Thanks!

11-08-2011, 12:24 PM #2

[Gavin A.](#)
 WEO Team Member

 Join Date: Sep 2008
 Posts: 657

Hi Joaquin, thanks for the question. You are correct that Italy's net **debt** (in national currency) is forecast to increase; in other words, net lending/borrowing is forecast to be negative (i.e. Italy continues to borrow), which you also note.

 However, even though net **debt** continues to increase, GDP is forecast to increase at a higher rate than net **debt**. Therefore, net **debt** will decrease when expressed as a percent of GDP.

 See [here](#) for the relevant data.

Gavin Asdorian
 IMF Research Department (WEO division)

11-09-2011, 08:58 AM #3

[Joaquin Aguirre](#)
 Junior Member

 Join Date: Nov 2011
 Location: Santiago, Chile

reply on italy's debt sustainability

 Thank you very much Gavin, but the data I am talking about are already as a percentage of GDP, both Net public **debt**, and general govt borrowing are treated as % of GDP, so the difference in growth between net public **debt** and GDP is

Posts: 3

already accounted.

Is there something that I am missing?

Regards!



11-09-2011, 12:14 PM

#4

Gavin A.

WEO Team Member

Join Date: Sep 2008

Posts: 657



Jaoquin, I'm sorry but I'm not sure that I understand what your question is then; could you please clarify what you are asking?

Net lending/borrowing (i.e. the amount Italy borrows in each year) is actually becoming less negative (meaning less borrowing) in both national currency terms and as a % of GDP from 2011 to 2014, and then becomes more negative (meaning slightly more borrowing) in both 2015-2016.

Net **debt** (i.e. the net amount that Italy owes from all the years of borrowing) is increasing in terms of national currency (because Italy is borrowing each year which adds to **debt**) but it is decreasing in terms of GDP (because it is adding to its **debt** at a slower rate than the economy is growing.)

Gavin Asdorian*IMF Research Department (WEO division)*

11-11-2011, 11:15 AM

#5

Joaquin Aguirre

Junior Member

Join Date: Nov 2011

Location: Santiago, Chile

Posts: 3



Perfect, but let's say the following

in national currency (billions EUR)

2011 Net **Debt** = 1,596.398

2012 Net Borrowing = 38,181

2012 Net **Debt** = 1,596.398 + 38,181 = 1,634.579But, 2012 Net **Debt** according to IMF data = 1,632.118

I am aware that the difference is small, but why that difference?



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