FREQUENTLY ASKED QUESTIONS ON THE COMPILATION AND REPORTING OF THE PHILIPPINES' OUTSTANDING EXTERNAL DEBT

1. *What is External Debt?*

Gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of interest and/or principal by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy.

External debt data are generally compiled by the International Operations Department (IOD) of the Bangko Sentral ng Pilipinas (BSP) in accordance with the concepts and methodology set out in the International Monetary Fund's (IMF) latest External Debt Statistics: Guide for Compilers and Users (2014) and Balance of Payments and International Investment Position Manual, 6th edition.

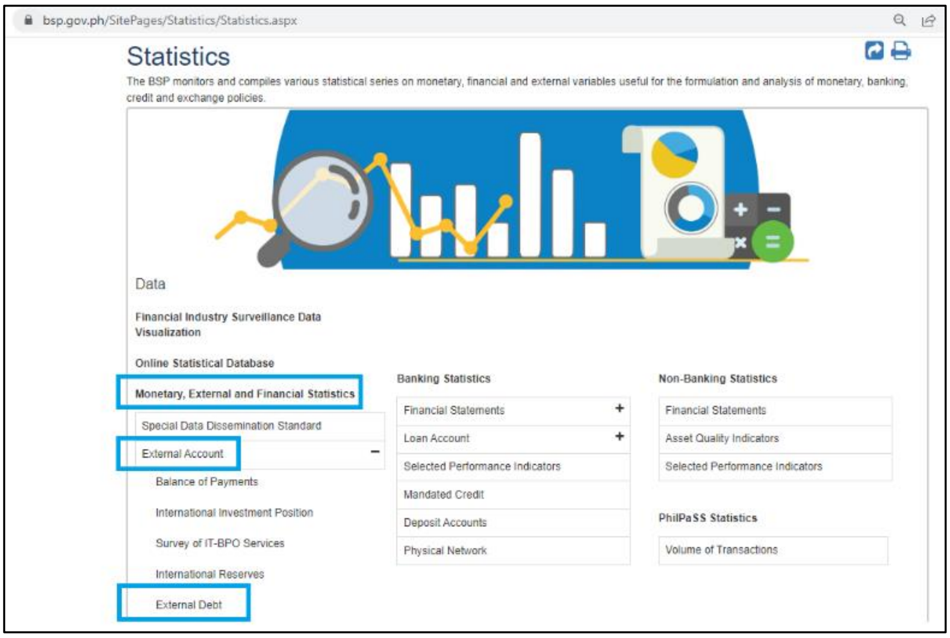
2. *Why does the BSP report the country's external debt? Why is debt transparency important?*

Under Executive Order No. 352 entitled "Designation of Statistical Activities That Will Generate Critical Data for Decision-Making of the Government and the Private Sector", approved on 01 July 1996, the BSP was designated as the implementing agency to compile and release external debt statistics to the public.

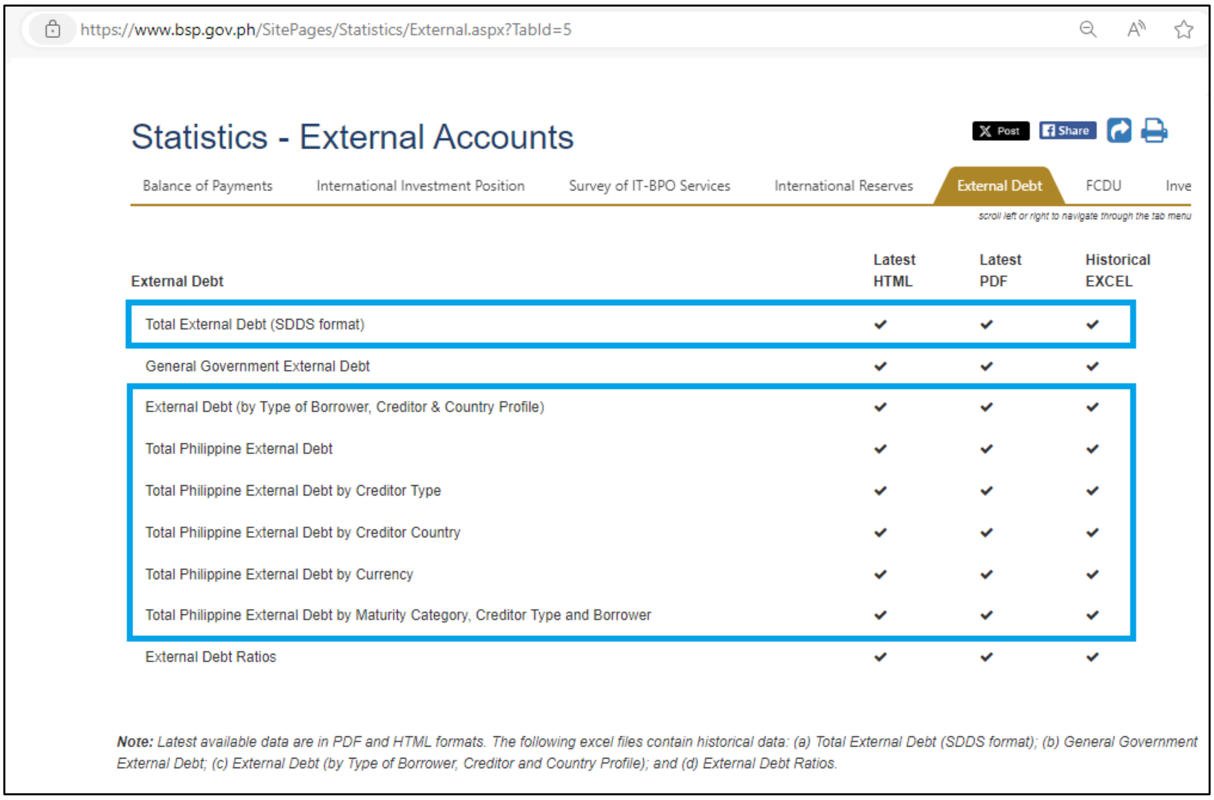
Debt transparency helps both borrowers and lenders make sound financial decisions. Readily available external debt data also allows analysts and policymakers to make informed decisions that support macroeconomic goals and debt sustainability.

3. *Where can we view the external debt data released by the BSP? How often are the external debt statistics reported?*

The data on Philippine external debt are found on the "Statistics" page of the BSP website.

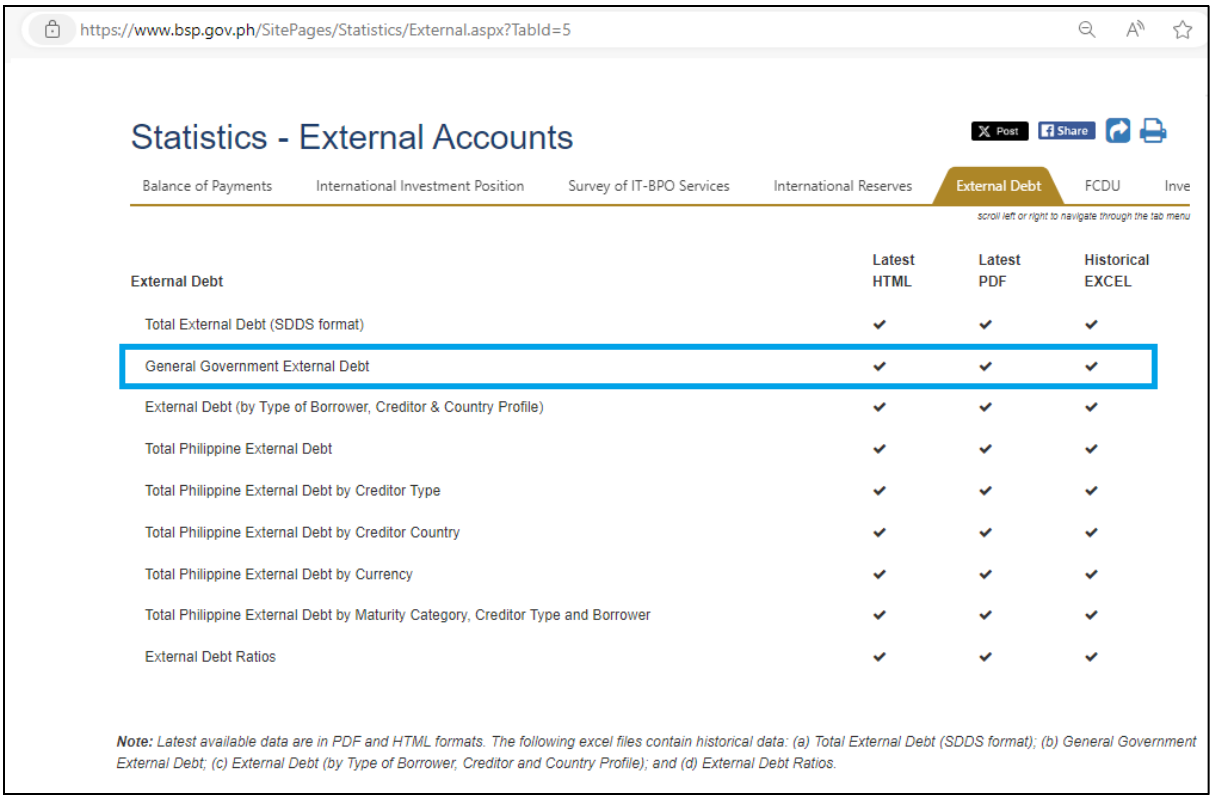


The available data for total external debt are aggregated by maturity category, type of borrower and creditor, currency, and creditor country, among others.



Meanwhile, the table on general government external debt (GGED), which covers borrowings by the National Government as well as government-controlled nonmarket nonprofit institutions, includes the following information:

a. Total GGED owed to official bilateral creditors;
b. GGED owed to the five (5) largest official creditors (by country);
c. Total GGED owed to multilateral creditors; and
d. GGED owed to the five (5) largest multilateral creditors (by institution).


https://www.bsp.gov.ph/SitePages/Statistics/External.aspx?TabId=5

Statistics - External Accounts

Balance of Payments | International Investment Position | Survey of IT-BPO Services | International Reserves | External Debt | FCDU | Inve

scroll left or right to navigate through the tab menu

External Debt	Latest HTML	Latest PDF	Historical EXCEL
Total External Debt (SDDS format)	✔	✔	✔
General Government External Debt	✔	✔	✔
External Debt (by Type of Borrower, Creditor & Country Profile)	✔	✔	✔
Total Philippine External Debt	✔	✔	✔
Total Philippine External Debt by Creditor Type	✔	✔	✔
Total Philippine External Debt by Creditor Country	✔	✔	✔
Total Philippine External Debt by Currency	✔	✔	✔
Total Philippine External Debt by Maturity Category, Creditor Type and Borrower	✔	✔	✔
External Debt Ratios	✔	✔	✔

Note: *Latest available data are in PDF and HTML formats. The following excel files contain historical data: (a) Total External Debt (SDDS format); (b) General Government External Debt; (c) External Debt (by Type of Borrower, Creditor and Country Profile); and (d) External Debt Ratios.*

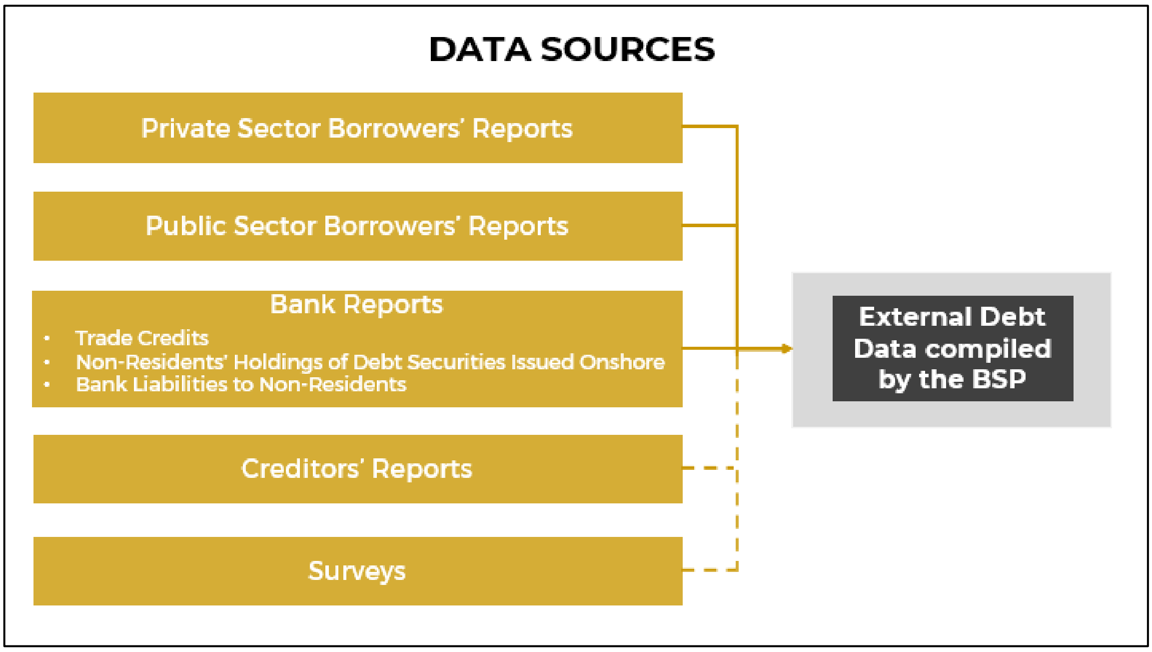
The BSP publishes the country's outstanding external debt on a quarterly basis with no more than a quarter lag.

4. ***What is the coverage of the external debt data released by the BSP? How does the BSP obtain its data on the country's external debt?***

The external debt data released by the BSP cover borrowings of Philippine residents from non-resident creditors, regardless of sector, maturity, creditor type, debt instruments or currency denomination.

The BSP gathers data on external debt through the reports submitted by borrowers and banks to the BSP as well as reports of major foreign creditors (e.g., multilateral organizations). Furthermore, the BSP also conducts surveys of resident borrowers' outstanding external debt such as loans, bonds/notes and advances from related and non-related non-resident parties as well as its intended borrowings for the coming years.

Through these reports and surveys, the IOD obtains detailed information on the debt instrument, borrowing terms, and actual debt service repayments, among others.



With enhancements in data collection resulting to more comprehensive external debt coverage, the BSP expanded the scope of external debt in the first quarter of 2023 to include non-residents' holdings of Philippine debt securities issued onshore [e.g., treasury bills/bonds issued by the National Government (NG) in the domestic market]. This statistical adjustment is consistent with the IMF's standards under its External Debt Statistics Guide and the International Investments Position Manual, 6th edition for external debt reporting.

5. How does the BSP use the information collected?

The BSP uses external data collected to: (a) monitor and analyze major debt indicators for debt sustainability assessment; and (b) provide inputs for the development of policies on external debt management as well as regulations governing foreign exchange (FX) transactions, among others.

Debt data collected from various sources are also used by the BSP to prepare statistical and analytical reports provided to various stakeholders, including international organizations such as the IMF and the World Bank.

6. What is the Special Data Dissemination Standard (SDDS)?

The BSP, as a subscriber to the IMF-SDDS, is also committed to release external debt data in the SDDS-prescribed format and to post the same on the BSP website. The SDDS was established by the IMF to set a standard reporting format and guide member countries that have, or might seek, access to international capital markets in the provision of their economic and financial data to the public.

7. *What is external debt sustainability?*

External debt sustainability refers to a country's capacity to meet its current and future payment obligations without debt relief, extraordinary assistance or going into default.

8. *How is external debt sustainability assessed?*

There are various methods used in assessing a country's overall debt sustainability, one of which is measuring the level of its debt stock (i.e., total outstanding debt) or debt service (i.e., principal and interest payments due from outstanding loans) relative to its capacity to repay its debts at a particular point in time. Capacity to pay is determined by using some measure of a country's outputs, earnings/income or assets.

Commonly used indicators include the: (a) external debt to gross domestic product (GDP) ratio; (b) debt service burden to receipts from exports of goods and services and primary income (XGSI) ratio; and (c) gross international reserves (GIR) to short-term (ST) external debt ratio.

External Debt Ratio (EDR)

The EDR, expressed as a percentage, provides an estimate of an economy's capacity to service external obligations, with the value of an economy's aggregate output generated during a one-year period (i.e., GDP) as the primary measure of such capacity. It is computed as the quotient of total external debt and GDP, multiplied by 100.

Debt Service Ratio (DSR)

The DSR relates principal and interest payments (or debt service burden) to XGSI as a measure of adequacy of the country's FX earnings to meet maturing obligations. It is computed as debt service burden over XGSI, multiplied by 100.

A low and stable debt service ratio is an indication that debt is likely to be sustainable as this implies that debt service obligations are relatively small and that earnings from the country's exports and income from the provision of the country's factors of production to non-residents are sufficient to meet these debt service obligations.

GIR to ST Debt Ratio

The GIR to ST debt ratio is computed as GIR over ST external debt. The ratio provides an estimate of the economy's capacity to pay external obligations maturing within one (1) year using the GIR as the primary gauge for measuring such capacity.

GIR refers to the foreign assets of the BSP held mostly as investments in foreign-issued securities, monetary gold and FX. These are supplemented by claims to the IMF in the form of Reserve Position in the Fund and Special Drawing Rights (SDR)[1].

The ratio may be computed using ST external debt under either original maturity concept or remaining maturity concept[2]. Being a more appropriate metric for assessing liquidity risks, the BSP has started computing the GIR to ST debt ratio under the remaining maturity concept. In particular, this approach accounts for all maturing external obligations within the next 12 months and thus, presents a more comprehensive picture of the economy's capacity to service its debt in the near term.

9. *What are the latest developments (as of end-December 2024) in the country's external debt?*

Total external debt (EDT), or borrowings owed by residents to non-residents, stood at US$137.63 billion as of end-December 2024, down by US$2.02 billion (or 1.4 percent) from the US$139.64 billion level as of end-September 2024. The external debt ratio (EDT expressed as a percentage of gross domestic product) remains at a prudent level, falling to 29.8 percent from 30.6 percent last quarter. This improvement in the ratio was driven by the decline in external debt levels in conjunction with the Philippine economy's 5.2 percent real GDP growth for the fourth quarter of 2024 and 5.6 percent growth for the full year 2024.

Other key external debt indicators also remained at sustainable levels. Gross international reserves (GIR) stood at US$106.26 billion as of end-2024 and represented 3.81 times cover for short-term (ST) debt based on the remaining maturity concept.[3] The debt service ratio (DSR), which relates principal and interest payments (debt service burden) to exports of goods and receipts from services and primary income for the year, rose to 11.5 percent from 10.3 percent for the same period last year due to the higher recorded debt service payments. The DSR and the GIR cover for ST debt are measures of the adequacy of the country's foreign exchange (FX) resources to meet maturing obligations.

The reported decline in the country's external debt in the last quarter of 2024 was brought about by the: (a) US$1.29 billion negative FX revaluation of borrowings denominated in other currencies; (b) net acquisition by residents of Philippine debt securities from non-residents aggregating US$835.33

[1] The SDR is an international reserve asset created by the IMF to supplement its member countries' FX reserves. The value of the SDR is based on a basket of five currencies— the US dollar, the Euro, the Chinese renminbi, the Japanese yen, and the British pound sterling. IMF member countries can exchange their SDRs for hard currencies with other members.

[2] ST accounts under the remaining maturity concept consist of loans with original maturities of one (1) year or less plus amortizations on medium- and long-term (MLT) accounts falling due within the next 12 months starting July 2024.

[3] ST accounts under the remaining maturity concept consist of loans with original maturities of one (1) year or less plus amortizations on medium- and long-term (MLT) accounts falling due within the next 12 months starting January 2025.

million; and (c) recorded net repayments amounting to US$133.51 million. Prior periods' adjustments[4] of US$242.74 million partially increased the debt stock.

During the reference quarter, the appreciation of the US dollar decreased the value of the country's debt stock by US$1.29 billion. The US dollar strengthened due to improved US economic performance, market perception towards Federal Reserve's future policy path as well as expectations on the shift in US trade and investment policies under the then incoming administration. The same underlying factors may have also triggered non-residents to offload Philippine debt securities, further lowering outstanding external debt by US$835.33 million.

Foreign borrowings transactions in the last quarter of 2024 marked a reversal of the net availments recorded in the first three (3) quarters of the year. In particular, the last three months of 2024 yielded a US$133.51 million net repayment, driven by the lower net availments by non-bank public sector entities (US$178.62 million) as well as net repayments by private sector non-banks (US$212.85 million) and the banking sector (US$99.27 million).

As of end-December 2024, the maturity profile of the country's external debt remained predominantly MLT in nature. Under the remaining maturity concept, outstanding MLT borrowings stood at US$109.72 billion with its share to total at 79.7 percent. Meanwhile, outstanding ST debt under the remaining maturity concept comprised 20.3 percent (or US$27.91 billion) of the total outstanding external debt.

Of the MLT accounts[5], US$63.42 billion (or 54.4 percent) have fixed interest rates, US$51.98 billion (or 44.5 percent) carry variable rates, and US$1.28 billion (or 1.1 percent) are non-interest bearing.

Public sector external debt declined by US$1.54 billion (or 1.8 percent) to US$85.34 billion in the last quarter of 2024 from US$86.88 billion in end-September 2024 mainly due to the US$1.44 billion negative FX revaluation of borrowings denominated in other currencies. Prior periods' adjustments of US$71.23 million as well as net repayments of US$63.51 million further reduced the outstanding levels. About US$79.31 billion (or 92.9 percent) of public sector obligations are of the National Government, while the remaining US$6.03 billion (or 7.1 percent) pertained to borrowings of government-owned and controlled corporations, government financial institutions, and the Bangko Sentral ng Pilipinas.

Private sector debt slightly eased to US$52.29 billion at the end of the fourth quarter of 2024, reflecting a US$473.35 million (or 0.9 percent) decrease from

[4] Outstanding external debt as of a particular reference quarter is computed based on actual foreign borrowings transactions (i.e., drawdowns and principal payments) recorded within said period. Accordingly, transactions made prior to a reference quarter but were reported/recorded late (e.g., recording of foreign borrowings transactions made during the previous quarter/s were made only during the current reference period) are classified as "prior periods' adjustments". These adjustments may be due to late submission of reports/notices by borrowers, late loan registration applications of private sector borrowers, and audit adjustments.

[5] Based on outstanding MLT loans under the original maturity concept (US$116.68 billion) to reflect pricing and risk premium of MLT borrowings

the end-September 2024 level of US$52.76 billion. The modest decline in private sector borrowings were driven by the: (a) net acquisition by residents of debt securities issued offshore aggregating US$870.03 million; (b) negative FX revaluation of borrowings denominated in other currencies by US$154.11 million; and (c) net repayments of US$70.00 million. These offset prior periods' adjustments of US$313.98 million.

Loans from official sources (multilateral and bilateral creditors) had the largest share (US$54.12 billion or 39.3 percent) of the total outstanding debt, followed by borrowings in the form of bonds/notes (US$45.11 billion or 32.8 percent) and obligations to foreign banks and other financial institutions (US$31.22 billion or 22.7 percent); the rest (US$7.18 billion or 5.2 percent) were owed to other creditors (mainly suppliers/exporters). Major creditor countries[6] were Japan (US$15.18 billion), Singapore (US$5.06 billion) and the Netherlands (US$4.55 billion).

In terms of currency mix, the country's debt stock remained largely denominated in US dollar (US$101.79 billion or 74.0 percent of total), followed by the Philippine peso (US$12.68 billion or 9.2 percent) and Japanese yen (US$10.33 billion or 7.5 percent of total). The rest (US$12.82 billion or 9.3 percent) pertained to 12 other currencies, including the euro (US$8.07 billion or 5.9 percent) and Special Drawing Rights (US$3.71 billion or 2.7 percent).

Year-on-year, the country's debt stock rose by US$12.23 billion (or by 9.8 percent) from the end-December 2023 level of US$125.39 billion. The increase was driven primarily by net availments of US$9.61 billion to address liquidity requirements of the public and private sector. Public sector net availments for the 12-month period reached US$5.59 billion while private sector borrowers accumulated net availments of US$4.03 billion for the same period. The net acquisition of Philippine debt securities by non-residents of US$3.37 billion resulting from investor preference towards emerging market debt securities for most of 2024 as well as prior years' adjustments of US$634.76 million further contributed to the increase in debt stock. Meanwhile, the negative FX revaluation of borrowings denominated in other currencies of US$1.39 billion tempered the increase in debt.

The press release on external debt as of end-December 2024, as well as the tables reflecting the latest outstanding external debt of the Philippines, may be found on the BSP website through the following links:

Press Release on External Debt as of end-December 2024	https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7450
External Debt Tables as of end-December 2024	https://www.bsp.gov.ph/SitePages/Statistics/External.aspx?TabId=5

[6] The classification by creditor country is based on the location of the creditor's head office. This consists of bilateral creditors, banks and other financial institutions as well as suppliers and other creditors.

* Inquiries and other concerns regarding subject FAQs may be sent to:

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