



# **STATE BANK OF PAKISTAN**

## **Statistics & Data Warehouse Department**

### **Notification: Revision of External Debt Servicing Dissemination Format**

**May 18, 2012**

State Bank of Pakistan collects, compile and disseminate the data for external debt servicing on quarterly frequency. These data tables are available on SBP website at the link <http://www.sbp.org.pk/ecodata/> with supported by relevant explanatory footnotes. These tables were harmonized with the table of Pakistan's External Debt and Liabilities – Outstanding with greater exposure to borrowing activity of each sector of economy. However, in view of feedback of the users, we reexamined the format of the table in light of the usage of data in calculation of different debt ratios regarding state of economy and decided to revise the format of the table “Pakistan's External Debt Servicing –Principal” to facilitate the users. Further to this end we quote hereunder IMF’s External Debt Guide for Compilers and Users 2003 (page#175, paragraph 15.23):

“The debt-service-to-exports ratio has some limitations as a measure of external vulnerability, in addition to the possible variability of debt-service payments and export revenues from year to year. *First, amortization payments on short-term debt are typically excluded from debt service*<sup>12</sup>, and the coverage of private sector data can often be limited, either because the indicator is intentionally focused on the public sector or because data on private debt service are not available”.

*<sup>12</sup>This is the approach taken in the World Bank’s World Development Report and Global Development Finance and the IMF’s World Economic Outlook. Lack of data, as well as the assumption that short-term debt mainly constituted trade credit that was easy to roll over, contributed to this practice. As experience shows, this assumption is in some cases questionable*

Therefore, repayments made for principal of short-term external debt for all of the four sectors (general government, central bank, banks and other sectors) of the economy has been classified as Memorandum Item for analytical purposes. It is recommended that interest payments for medium and long term as well as for short term external debt be included in the debt servicing for calculating any debt sustainability ratio (page#175, paragraph 15.21 IMF’s External Debt Guide for Compilers and Users 2003). The revised debt servicing tables along with updated archive are available at the aforementioned link.