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Spanish public debt in 2024

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Rationale

This article analyses Spanish general government debt in 2024 based on the statistics prepared and published by the Banco de España and drawing comparisons with other euro area countries.

Takeaways

- In 2024 Spain's public debt-to-GDP ratio fell by 3.3 percentage points (pp) to 101.8%.
- Central government debt-to-GDP ratio fell by 2.2 pp to 93.6% of GDP.
- Spain's debt ratio remained above the euro area average (87.4% of GDP), but the gap was reduced by 3.4 pp.

Keywords

Public debt, budget deficit, liabilities, financial assets.

JEL classification

H62, H63, H74, H81.

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General government debt according to excessive deficit procedure (EDP)[1] criteria comprises general government liabilities in the form of currency and deposits, debt securities and loans, all at nominal value and in consolidated terms, i.e. excluding liabilities held as assets by other general government sectors.

In 2024 the Spanish general government debt-to-GDP ratio[2] according to EDP criteria continued the decline that began in 2021, following a sharp increase in 2020 driven by the effects of the pandemic.[3] At end-2024 this ratio stood at 101.8%, down from 105.1% in 2023 and 109.5% in 2022 (see Table 1 and Chart 1) and the total stock of EDP debt stood at €1,620.6 billion (see Chart 2). The 3.3 pp fall in 2024 was primarily down to economic growth and stood in contrast to developments across the euro area, where the debt-to-GDP ratio edged up (by 0.1 pp) to 87.4%.[4] Developments in the major economies were mixed, with a 0.4 pp fall in the ratio in Germany and increases of 3.2 pp and 0.7 pp in France and Italy, respectively. Germany reached a debt-to-GDP ratio of 62.5%, France 113.0% and Italy 135.3% (see Chart 1).

For analysis purposes, it helps to break down the change in the debt-to-GDP ratio into its primary factors: (a) the level of the primary budget deficit,[5] which needs to be financed; (b) the interest expenses generated by public debt, which also have to be financed; (c) the stock-flow adjustment, which includes asset purchases (which require financing) and disposals (which finance the deficit), net liabilities incurred and not included in EDP debt (such as trade credits), and valuation adjustments and reclassifications; and (d) the change in nominal GDP, where an increase (reduction) in this variable automatically drives down (up) the ratio as a result of the denominator effect.

According to this breakdown (see Table 1), the 3.3 pp drop in the public debt-to-GDP ratio in 2024 can be explained by several factors. First, nominal GDP growth cut it by 6.2 pp (9.1 pp in 2023). Second, the two components of the budget deficit – the primary balance and interest expenses – added 0.7 pp and 2.4 pp, respectively, less so than in 2023 in the case of the primary deficit

1 This concept of debt is defined in European Union law and is the relevant one for the purposes of the ceilings set in the European Stability and Growth Pact and in the Spanish Organic Law on Budgetary Stability and Financial Sustainability (LOEPSF by its Spanish initialism). The current definition of this debt is regulated by Commission Regulation (EU) No 220/2014 of 7 March 2014. Among other obligations, this Regulation requires that European Union Member States report EDP debt data to the European Commission (specifically to Eurostat) twice per year (at the end of March and at the end of September). The data must be presented by sub-sector, detailing specific items and transactions in submissions known as EDP notifications.

2 The calculations in this article are based on the data for GDP at market prices published by the National Statistics Institute (INE, by its Spanish initialism) on 26 March 2025.

3 Data for 2025 Q1 were published on 13 June 2025 and are available here.

4 The ratios for the euro area, as well as for the European Union, are calculated by Eurostat by aggregating and consolidating national data.

5 The primary deficit is the deficit excluding interest expenses.

Table 1
Change in gross general government (EDP) debt (a)

	2019	2020	2021	2022	2023	2024
Panel 1 Determinants of the change in the EDP debt-to-GDP ratio						
1 Change in EDP debt-to-GDP ratio (1 = 2 + 3 + 4)	-2.1	21.6	-3.6	-6.2	-4.4	-3.3
2 Due to net borrowing (deficit) (2 = 2.1 + 2.2)	3.1	9.9	6.7	4.6	3.5	3.2
2.1 Primary deficit	0.8	7.7	4.5	2.3	1.1	0.7
2.2 Debt interest payments	2.3	2.2	2.1	2.3	2.4	2.4
3 Due to stock-flow adjustment	-1.9	0.9	0.0	0.8	1.2	-0.3
4 Effect of change in GDP	-3.3	10.8	-10.3	-11.6	-9.1	-6.2
Panel 2 Change in debt and details of stock-flow adjustment, in €m (b)						
A Change in EDP debt (A = B + C)	14,622	122,553	82,487	74,701	71,273	45,224
B Due to general government net borrowing (deficit)	38,422	111,897	82,174	63,105	52,669	50,187
C Due to stock-flow adjustment	-23,800	10,656	313	11,596	18,604	-4,963
C.1 Net acquisitions of consolidated financial assets	-12,473	12,442	37,149	15,439	2,425	4,534
Change in currency and deposits	-7,820	14,507	32,620	15,128	-1,212	1,785
Change in debt securities	903	777	680	808	-281	-1,538
Change in loans	-5,026	-2,775	-3,059	-3,746	-3,021	-3,759
Change in other accounts receivable	-260	-469	7,032	3,337	7,511	5,998
Other assets	-271	401	-124	-87	-572	1,360
C.2 Trade credits and other consolidated accounts payable	-3,763	-1,295	-30,312	-12,794	694	-7,730
C.3 Valuation adjustments and other	-7,563	-491	-6,525	8,951	15,485	-1,767
Memorandum item: EDP debt-to-GDP ratio	97.7	119.3	115.7	109.5	105.1	101.8

SOURCE: Banco de España.

a See Chapters 11-14 of the Banco de España Statistics Bulletin for detailed information by sub-sector.
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1109e.pdf
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1203e.pdf
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1213e.pdf
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1303e.pdf
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1403e.pdf
b A positive (negative) value in this panel indicates that nominal debt increases (decreases).

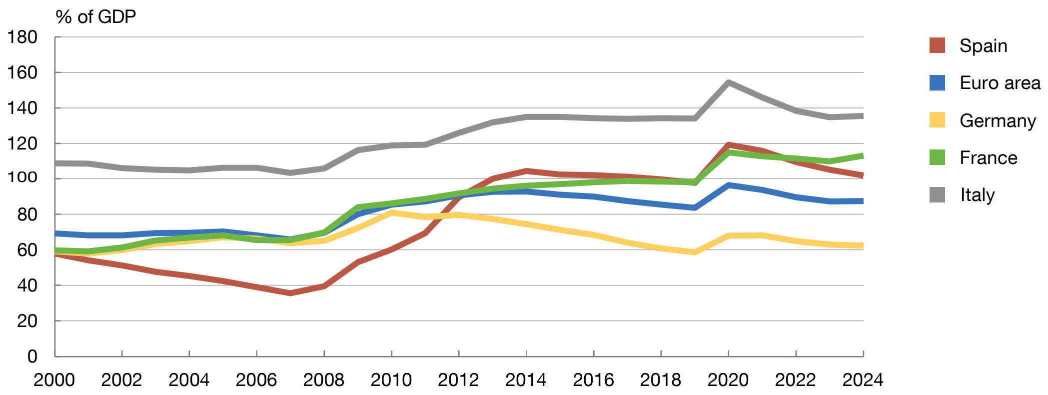
(1.1 pp that year) and the same in the case of interest expenses. Lastly, the stock-flow adjustment deducted 0.3 pp.

As regards term structures, in 2024 long-term debt accounted for 94.4% of Spanish general government debt (84.6% in the form of long-term debt securities and 9.8% in the form of loans maturing in more than one year). The average life of debt was eight years (see Chart 1), in line with the figures for other European countries: 8.9 years for the euro area as a whole, 8.5 years for Germany and France and 8.0 years for Italy. In 2024 the share of government debt held by non-residents increased by 2.2 pp (to 44.9% of the total) relative to 2023, while such holdings grew more markedly in the main European countries and in the euro area overall (see Chart 1).

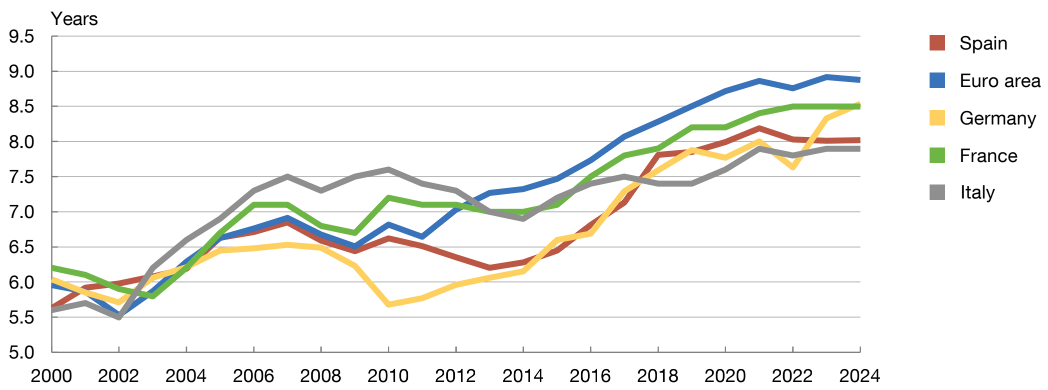
Debt with a residual maturity of less than one year (understood as that maturing within less than 12 months) represented 13.9% of total debt at end-2024. Of this percentage, 12.4% was in the form of debt securities and the remaining 1.5% in the form of loans, currency and deposits. From an international standpoint, the proportion of debt maturing within one year was lower in Spain

Chart 1
EDP debt in Spain and in the euro area

1.a EDP debt



1.b Average life of EDP debt



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SOURCES: Banco de España and ECB.

than in the other geographical areas analysed (16.6% in the euro area as a whole, 17.8% in Germany, 16.5% in France and 19.7% in Italy) (see Chart 1).

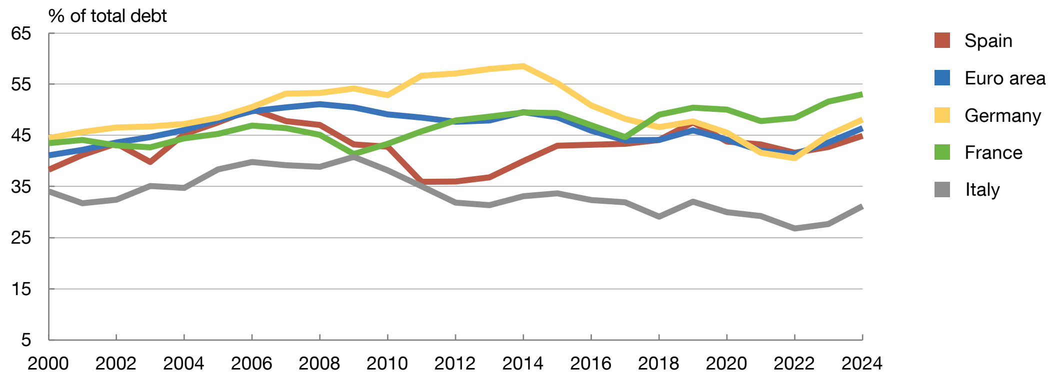
Public debt developments by sub-sector

In a context such as Spain's, with a highly decentralised general government sector, it is important to analyse the distribution of public debt across the component sub-sectors: central government, social security funds, regional governments[6] and local governments. To accurately interpret the debt level of each of the different sub-sectors and general government as a whole, it is important to consider consolidation, which refers to the debt transactions conducted between these sub-sectors that are consolidated when overall general government EDP debt is

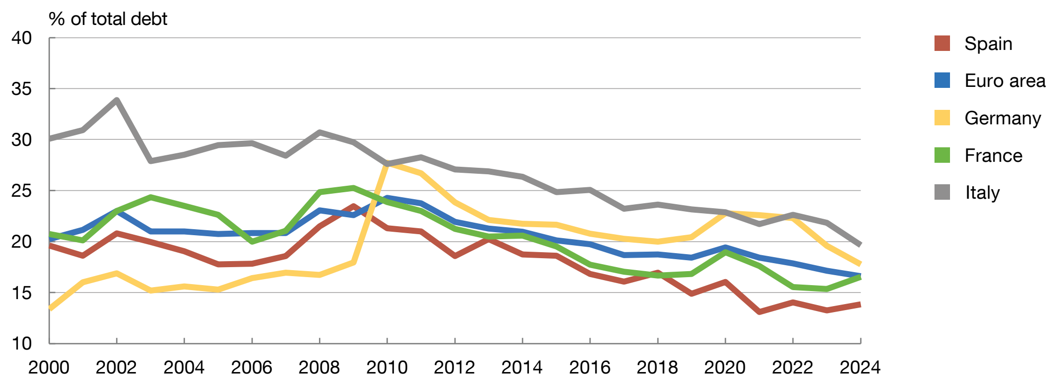
6 This refers to institutional sector S.1312, which is denominated "state government" in the European System of Accounts 2010.

Chart 1
EDP debt in Spain and in the euro area (cont'd)

1.c Debt held by non-residents



1.d Debt with a residual maturity of less than one year



SOURCES: Banco de España and ECB.

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calculated. In 2024 such financing between sub-sectors rose slightly to 23.5% of GDP (23.0% in 2023) (see Chart 2).

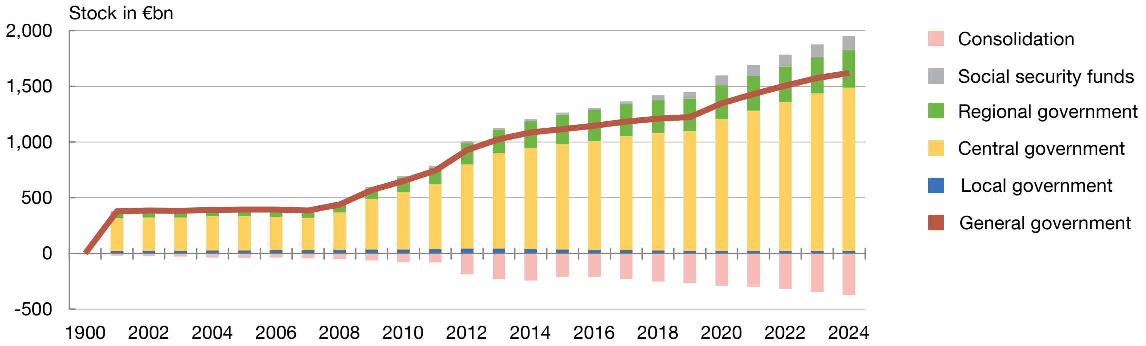
Central government is the most indebted sub-sector, with a debt-to-GDP ratio of 93.6% in 2024, down by 2.2 pp on 2023 (see Chart 2). Taking into account the financing extended by this sub-sector to other general government units (mainly to regional governments and social security funds), the share of central government debt not used to finance other general government sub-sectors declined in 2024 by 2.4 pp to 72%. Social security debt stood at 7.9% of GDP, slightly above its level in 2023 (7.8%), almost entirely in the form of core central government financing granted to the social security system.

Regional governments overall reduced their debt ratio by 0.6 pp in 2024 to 21.1% of GDP (see Chart 2). The regional government breakdown shows a broad-based downward trend: the regional governments with the highest debt ratios relative to their regional GDP are Valencia

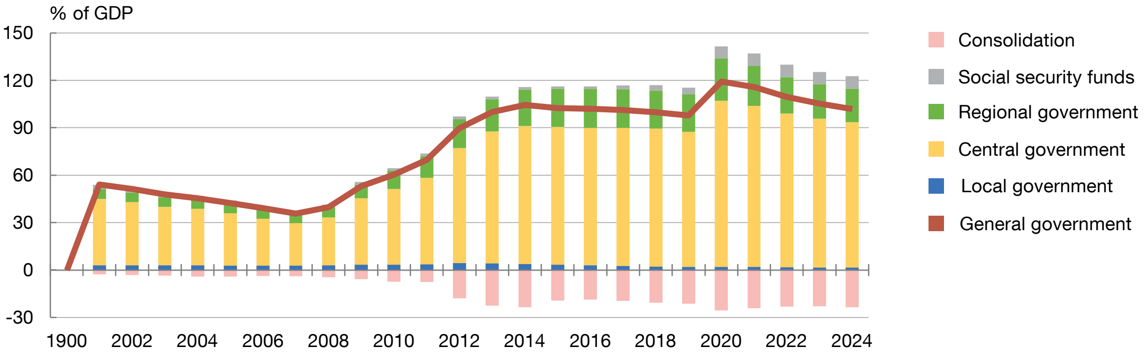
Chart 2

EDP debt in Spain by sub-sector

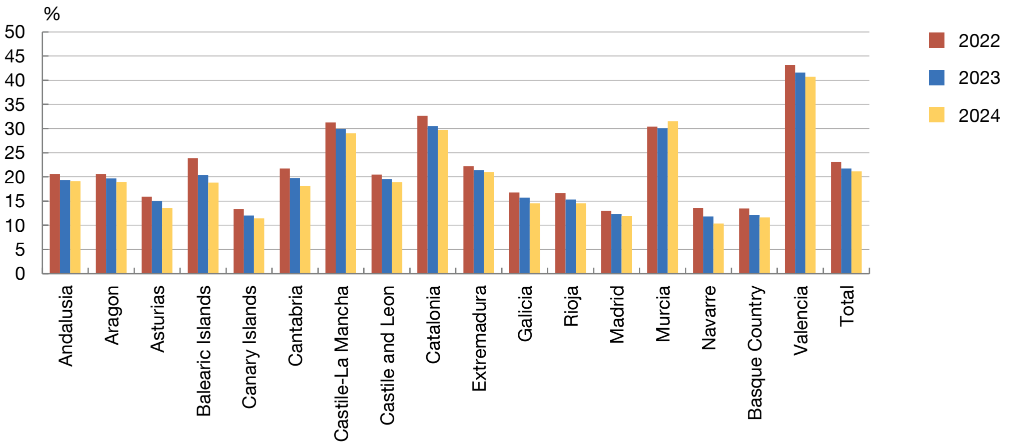
2.a EDP debt by sub-sector



2.b EDP debt by sub-sector



2.c Debt-to-GDP ratio. Regional government



SOURCE: Banco de España.

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(40.7%), Murcia (31.5%); Catalonia (29.7%) and Castile-La Mancha (29.0%). Meanwhile, the regions with a debt ratio below the 13% threshold established in the LOEPSF are Navarre (10.3%), the Canary Islands (11.4%), the Basque Country (11.6%) and Madrid (12.0%). Local government debt declined by 0.1 pp of GDP in 2024 to 1.4% (below the 3.0% threshold laid down in the LOEPSF).

Both regional and local governments have received funds from the central government since such assistance mechanisms were put in place in 2012. By late 2024, these funds represented 13.2% and 0.4% of GDP for regional and local governments, respectively. Since 2015 regional government debt held by the central government has been included in the different component facilities of the Regional Government Financing Fund (the Regional Government Liquidity Fund, the Financial Facility, the Fund for the Financing of Payments to Suppliers, the Social Fund and the REACT-EU fund).[7] Regional governments' overall reliance on central government debt grew in 2024, with 62.8% of their debt held by central government, reaching a new all-time high, above the previous peak of 61.1% recorded in 2018 and 2019.

The stock-flow adjustment in 2024

The stock-flow adjustment is a significant factor in public debt dynamics, contributing 0.3 pp to the decline in public debt in 2024, though it had the opposite effect in 2023 (contributing an increase of 1.2 pp), cutting the public debt ratio by 0.3 pp in 2024 and increasing it by 1.2 pp in 2023. For explanatory purposes, the stock-flow adjustment can be divided into the following items: "Net acquisition of consolidated financial assets" (see Table 1, section C.1); "Trade credits and other consolidated accounts payable" (see Table 1, section C.2); and "Valuation adjustments and other" (see Table 1, section C.3).

In 2024 there were net acquisitions of consolidated financial assets (see Table 1, section C.1) amounting to €4.5 billion, which drove up debt and were mainly the result of the increase in other accounts receivable (€6.0 billion), currency and deposits (€1.8 billion) and other assets (€1.4 billion), which were partly offset by a decrease in loans (€3.8 billion) and debt securities (€1.5 billion). The other accounts receivable, mainly linked to the recording in National Accounts of taxes and social contributions, showed a strong increase in 2024 vis-à-vis non-financial corporations (NFCs) (€7.5 billion) and households and non-profit institutions (NPIs) (€4.4 billion), while there was a decrease vis-à-vis the rest of the world (€5.8 billion), linked to European funds. Developments in deposits differed across sub-sectors, as central government and social security funds saw a fall in these assets of €11.0 billion and €3.8 billion, respectively, while for regional and local governments they increased by €9.9 billion and €6.7 billion, respectively. The increase in other assets is mainly explained by the acquisition of shares in NFCs, such as the purchase of shares in Telefónica through Sociedad Estatal de Participaciones Industriales (the Spanish state-owned industrial holding company). Moreover, the negative

7 The Regional Government Liquidity Fund and the Fund for the Financing of Payments to Suppliers were dissolved in 2014, when they became sub-funds of the Regional Government Financing Fund.

change in loans is explained, among other things, by the disposal and foreclosures made by the asset management company for assets arising from bank restructuring (Sareb, by its Spanish acronym) in its loan portfolio (€1.1 billion) and also by the reduction in claims held by regional governments (€1.5 billion) and central government (€1.0 billion) against resident sectors and the rest of the world, respectively.

Trade credits and other consolidated accounts payable[8] made a negative contribution of €7.7 billion to the stock-flow adjustment (see Table 1, section C.2) owing to increased financing through this instrument, mainly by the central government vis-à-vis resident sectors. Regional governments made a positive contribution (€2.0 billion), while local governments (-€2.0 billion) and social security funds (-€0.5 billion) also sought financing through this instrument, but to a lesser extent than central government.

Lastly, in 2024 valuation adjustments and other (see Table 1, section C.3) drove debt down by €1.8 billion, in contrast to the previous two years when this item made a significant contribution to debt growth. This reduction is mainly explained by the effect of net interest accrued and premiums and discounts on issuances, driven by interest rate movements in 2024, and by the change in net liabilities incurred associated with non-life insurance technical reserves.

Total general government liabilities

According to the Financial Accounts of the Spanish Economy (FASE),[9] the total liabilities incurred by general government include, in addition to the EDP debt mentioned in previous sections, other instruments such as insurance, pension and standardised guarantee schemes and trade credits and other accounts payable. They also include liabilities held by other general government sectors. These amounts are eliminated (consolidated) when calculating EDP debt, but not in the FASE, where the gross figure is presented. There is a further methodological difference between the two: in the FASE, liabilities in the form of debt securities are recorded at market prices (for both stocks and flows), making the figures more sensitive to external factors, such as interest rate changes, whereas the EDP method uses nominal or face value,[10] which is more stable over time.[11] Moreover, in the FASE, unpaid accrued interest is included for each instrument, which gives rise to differences.

In 2024 Spanish general government liabilities decreased by 2.3 pp relative to 2023 to 135.4% of GDP (see Table 2), compared with 107.6% in the euro area. This reduction is mainly explained by

8 These reflect, among other things, deferrals of payments due by general government units to their goods and services providers or other creditors and include liabilities associated with tax refund judgements from 2024.

9 The time series were revised in autumn 2024 as part of the benchmark revisions conducted every five years, following European-level agreements for the harmonised revision of national accounts and the balance of payments/international investment position. However, this had little impact in terms of the general government accounts.

10 Except in the case of inflation-indexed bonds and securities, as the principal's indexation is part of the EDP debt.

11 For a more detailed methodological description of the main concepts of general government debt, see Luis Gordo, Pablo Hernández de Cos and Javier Pérez García (2013). "Developments in Spanish public debt since the start of the crisis". *Economic Bulletin – Banco de España,* 07-08/2013. https://repositorio.bde.es/handle/123456789/7986

Table 2
Different items of general government debt (a)

€m and % of total

	EDP debt		FASE liabilities		FASE consolidated liabilities	
1 Currency and deposits	5,363	0.3	5,363	0.2	5,363	0.3
2 Debt securities	1,452,295	89.6	1,451,155	67.4	1,418,434	82.2
Securities held by general government	—	—	32,721	1.5	—	—
Other securities (short and long-term)	1,452,295	89.6	1,418,434	65.8	1,418,434	82.2
3 Loans	162,944	10.1	508,152	23.6	163,007	9.4
Loans granted by general government	—	—	345,145	16.0	—	—
Other loans (short and long-term)	162,944	10.1	163,007	7.6	163,007	9.4
4 Insurance, pension and standardised guarantee schemes	—	—	10,037	0.5	10,037	0.6
5 Financial derivatives	—	—	21	0.0	21	0.0
6 Trade credits and other liabilities	—	—	179,607	8.3	129,702	7.5
Other liabilities vis-à-vis the general government	—	—	49,904	2.3	—	—
Other liabilities	—	—	129,702	6.0	129,702	7.5
7 TOTAL (7 = 1 + 2 + 3 + 4 + 5 + 6)	1,620,602	100.0	2,154,335	100.0	1,726,563	100.0
Percentages with respect to GDP (memorandum item)	—	101.8	—	135.4	—	108.5
Memorandum item: GDP in 2024.	1,591,627					

SOURCE: Banco de España.

a See Tables 1 and 14 of Chapter 11 of the Banco de España Statistical Bulletin and Tables 2.16.a and 2.38.a of the Banco de España Financial Accounts, published quarterly, for more detailed information.
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1101e.pdf.
https://www.bde.es/webbe/en/estadisticas/compartido/datos/pdf/a1114e.pdf.
http://www.bde.es/webbde/es/estadis/ccff/cf_2_16ab.pdf.
http://www.bde.es/webbde/es/estadis/ccff/cf_2_38ab.pdf.

the GDP effect, since the change in the numerator was positive. If we take into account transactions between the various tiers of general government, the consolidated liabilities of the sector as a whole were significantly lower (108.5% of GDP), although they remain above the euro area aggregate (93.8%).

The differences due to instruments not included in EDP debt (see Table 2) are mainly attributable to general government's stock of trade credits and other accounts payable. In 2024 this stock increased to €179.6 billion (11.3% of GDP), exceeding the previous all-time high recorded in 2022 (€176.3 billion, 12.8% of GDP). This increase occurred primarily vis-à-vis resident sectors (NFCs, households and NPIs) and was partly offset by a reduction in accounts payable vis-à-vis the rest of the world. Additionally, it is noteworthy that the precise share of trade credits in the total of trade credits and other accounts payable was 6% in 2024, continuing the downward trend that began in 2010.

Lastly, developments in insurance, pension and standardised guarantee schemes should be emphasised, as the stock of such instruments rose significantly in 2024 to stand at €10 billion. This increase is mainly explained by the increase in the Insurance Compensation Consortium's non-life insurance technical reserves (to €5.1 billion) to address the damage caused by the flash floods in late October. Meanwhile, there was a slight reduction in provisions for calls under the standardised guarantee scheme that was established in 2021 to record public guarantees granted in the context of the pandemic (-€0.9 billion).[12]

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12 For more information on the registration of standardised guarantees, see the box in Victor Forte-Campos, Blanca García-Moral and María Isabel Laporta-Corbera. (2022). "La evolución de la deuda pública en España en 2021". *Boletín Económico – Banco de España,* 4/2022, Notas Económicas. https://repositorio.bde.es/handle/123456789/24877