EUROZONE DEBT WEB WHO OWES WHAT TO WHOM?

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The circle below shows the gross external, or foreign, debt of some of the main players in the euro zone as well as other big world economies. The arrows will display how much money is owed by each country to banks in other nations. The arrows point from the debtor to the creditor and are proportional to the money owed as of the end of June 2011. The colours attributed to countries are a rough guide to how much trouble each economy is in.

Scroll down on a country name to see who they owe

Europe is struggling to find a way out of the eurozone crisis amid mounting debts, stalling growth and widespread market jitters. After Greece, Ireland, and Portugal were forced to seek bail-outs, Italy - approaching an unaffordable cost of borrowing - has been the latest focus of concern. But, with global financial systems so interconnected, this is not just a eurozone problem and the repercussions extend beyond its borders.

While lending between nations presents little problem during boom years, when a country can no longer handle its debts, those overseas banks and financial institutions that lent it money are exposed to losses. This could not only unsettle the home country of those banks, but could, in turn, spread the troubles across the world. So, in the tangled web of inter-country lending, who owes what to whom? Click on a country in the circle to find out what they owe to banks in other countries, as well to find out their total foreign debt, including that owed by governments, monetary authorities, banks and companies.

Source: Bank for International Settlements, IMF, World Bank, UN Population Division
Notes on the data: The Bank for International Settlements data, represented by the proportional arrows, shows what banks in one country are owed by debtors - both government and private - in another country. It does not include non-bank debts. Only key eurozone debtors and their top creditors are shown. Although China is known to hold European debt, no comprehensive figures are available. GDP figures are the latest complete 2010 figures from the IMF. The percentage of gross government debt to GDP is also the latest IMF calculation.

Overall gross external (or foreign) debt is taken from the latest 2011 World Bank/IMF figures and includes all debt owed overseas, including that owed by governments, monetary authorities, banks and companies. Gross external debt per head of population is calculated using the latest medium variant population figures from the UN Population Division.
US

GDP: £10.9 tn
Foreign debt: £10.9 tn

人均外债：€35,156
101% 外债占GDP

风险评级：LOW

虽然美国的外债占GDP的比例非常高，但它仍然被视为发达国家。不过，日本的评级已降至投机级。尽管亚洲的一些国家，如中国和日本，持有美国的大部分外债，但欧洲是美国的第二大债权国。这意味着，无论欧元区发生什么，美国都将面临重大影响。在欧盟内部，英国、瑞士和法国是持有美国外债最多的国家，总计超过14万亿美元。

来源：国际货币基金组织、世界银行、联合国人口事务部

GERMANY

GDP: €4.2 tn
Foreign debt: €4.2 tn

人均外债：€60,659
83% 外债占GDP

风险评级：LOW

作为最大的欧洲经济体，法国、意大利和德国的债务问题值得关注。法国和意大利的债务占GDP的比例相对较低。但是，德国的债务问题更为复杂，因其是欧元区的核心成员。如果欧元区出现问题，德国将面临严重经济后果，因为其经济规模和在欧元区的影响力。因此，德国的债务问题不仅对欧元区本身，也对整个国际金融市场产生重大影响。

来源：国际货币基金组织、世界银行、联合国人口事务部

JAPAN

GDP: ¥4.1 tn
Foreign debt: ¥2 tn

人均外债：¥15,934
5% 外债占GDP

风险评级：LOW

日本是世界上债务占GDP比例最高的经济体之一。然而，由于其债务水平较低，经济表现稳定，所以被归类为低违约风险国家。日本经济的稳定对于欧元区的影响较小，因为欧元区的债务问题主要集中在欧元区内部。但日本政府已承诺将2013年度的预算赤字削减到几乎为零。

来源：国际货币基金组织、世界银行、联合国人口事务部
ITALY
GDP: €1.3 tn
Foreign debt: €2 tn
€32,875
Foreign debt per person

163%
Foreign debt to GDP

121%
GDP to debt

Risk Status: HIGH

Italy has a large amount of debt, but it is a relatively wealthy country compared with Greece and Portugal. However, doubts about Italy’s leadership and fears that its debt load could grow more quickly than the Italian economy’s capacity to support it have left the markets jittery. Italy is most exposed to Italian debt.

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SPAIN
GDP: €0.7 tn
Foreign debt: €1.9 tn
€41,366
Foreign debt per person

284%
Foreign debt to GDP

67%
GDP to debt

Risk Status: MEDIUM

Spain owes large amounts to Germany and France. However, its number one worry is bailed out Portugal, which is indebted to it by billions of euros. As the country attempts to get its own debts under control, there are fears the country could be thrown back into recession after tomorrow’s parliamentary elections. The bursting of a housing and construction boom in 2007 had plunged Spain’s economy into a recession deeper than in many other European countries.

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IRELAND
GDP: €0.2 tn
Foreign debt: €1.7 tn
€290,969
Foreign debt per person

1,093%
Foreign debt to GDP

109%
GDP to debt

Risk Status: HIGH

One of those European countries in as far receive a bailout, Ireland was introduced a series of tough austerity budgets. Its economy is now showing a modest recovery. After the boom years leading up to 2008, the country fell into recession as a result of the global credit squeeze, which shrunk the supply of cheap credit that had fuelled the unsustainable growth in the housing market. It shows a very high level of gross foreign debt to GDP because, although it is a small country, it has a large financial sector— including a large overseas presence. The UK is Ireland’s biggest creditor.

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What's the difference between a bull and a bear? The current financial crisis has thrown terminology from the business pages onto the front pages of newspapers, with jargon now abounding everywhere from the coffee bar to the back of a taxi. The guide below describes many of the business terms currently cropping up regularly, as well as some of the more exotic words coined to describe some of the social effects of the financial crisis.

**AAA-rating** The best credit rating that can be given to a borrower's debts, indicating that the risk of a borrower defaulting is minuscule.

**Administration** A rescue mechanism for UK companies in severe trouble. It allows them to continue as a going concern, under supervision, giving them the opportunity to try to work their way out of difficulty. A firm in administration cannot be wound up without permission from a court.

**AGM** An annual general meeting, which companies hold each year for shareholders to vote on important issues such as dividend payments and appointments to the company's board of directors. If an emergency decision is needed - for example in the case of a takeover - a company may also call an exceptional general meeting of shareholders or EGM.

**Assets** Things that provide income or some other value to their owner.

- **Fixed assets** (also known as long-term assets) are things that have a useful life of more than one year, for example buildings and machinery; there are also intangible fixed assets, like the good reputation of a company or brand.
- **Current assets** are the things that can easily be turned into cash and are expected to be sold or used up in the near future.

**Austerity** Economic policy aimed at reducing a government's deficit (or borrowing). Austerity can be achieved through increases in government revenues - primarily via tax rises - and/or a reduction in government spending or future spending commitments.

**Bailout** The financial rescue of a struggling borrower. A bailout can be achieved in various ways:

- providing loans to a borrower that markets will no longer lend to
- guaranteeing a borrower's debts
- guaranteeing the value of a borrower's risky assets
- providing help to absorb potential losses, such as in a bank recapitalisation

**Bankruptcy** A legal process in which the assets of a borrower who cannot repay its debts - which can be an individual, a company or a bank - are valued, and possibly sold off (liquidated), in order to repay debts. Where the borrower's assets are insufficient to repay its debts, the debts have to be written off.
This means the lenders must accept that some of their loans will never be repaid, and the borrower is freed of its debts. Bankruptcy varies greatly from one country to another, some countries have laws that are very friendly to borrowers, while others are much more friendly to lenders.

**Base rate** The key interest rate set by the Bank of England. It is the overnight interest rate that it charges to banks for lending to them. The base rate - and expectations about how the base rate will change in the future - directly affect the interest rates at which banks are willing to lend money in sterling.

**Basel accords** The Basel Accords refer to a set of agreements by the Basel Committee on Bank Supervision (BCBS), which provide recommendations on banking regulations. The purpose of the accords is to ensure that financial institutions have enough capital to meet obligations and absorb unexpected losses.

**Basis point** One hundred basis points make up a percentage point, so an interest rate cut of 25 basis points might take the rate, for example, from 3% to 2.75%.

**BBA** The British Bankers’ Association is an organisation representing the major banks in the UK - including foreign banks with a major presence in London. It is responsible for the daily Libor interest rate which determines the rate at which banks lend to each other.

**Bear market** In a bear market, prices are falling and investors, fearing losses, tend to sell. This can create a self-sustaining downward spiral.

**Bill** A debt security- or more simply an IOU. It is very similar to a bond, but has a maturity of less than one year when first issued.

**BIS** The Bank for International Settlements is an international association of central banks based in Basel, Switzerland. Crucially, it agrees international standards for the capital adequacy of banks - that is, the minimum buffer banks must have to withstand any losses. In response to the financial crisis, the BIS has agreed a much stricter set of rules. As these are the third such set of regulations, they are known as “Basel III”.

**Bond** A debt security, or more simply, an IOU. The bond states when a loan must be repaid and what interest the borrower (issuer) must pay to the holder. They can be issued by companies, banks or governments to raise money. Banks and investors buy and trade bonds.

**BRIC** An acronym used to describe the fast-growing economies of Brazil, Russia, India and China.

**Bull market** A bull market is one in which prices are generally rising and investor confidence is high.

**Capital** For investors, it refers to their stock of wealth, which can be put to work in order to earn income. For companies, it typically refers to sources of financing such as newly issued shares. For banks, it refers to their ability to absorb losses in their accounts.
Banks normally obtain capital either by issuing new shares, or by keeping hold of profits instead of paying them out as dividends. If a bank writes off a loss on one of its assets - for example, if it makes a loan that is not repaid - then the bank must also write off a corresponding amount of its capital. If a bank runs out of capital, then it is insolvent, meaning it does not have enough assets to repay its debts.

**Capital adequacy ratio** A measure of a bank's ability to absorb losses. It is defined as the value of its capital divided by the value of risk-weighted assets (ie taking into account how risky they are). A low capital adequacy ratio suggests that a bank has a limited ability to absorb losses, given the amount and the riskiness of the loans it has made.

**A banking regulator** - typically the central bank - sets a minimum capital adequacy ratio for the banks in each country, and an international minimum standard is set by the BIS. A bank that fails to meet this minimum standard must be recapitalised, for example by issuing new shares.

**Capitulation (market).** The point when a flurry of panic selling induces a final collapse - and ultimately a bottoming out - of prices.

**Carry trade** Typically, the borrowing of currency with a low interest rate, converting it into currency with a high interest rate and then lending it. The most common carry trade currency used to be the yen, with traders seeking to benefit from Japan's low interest rates. Now the dollar, euro and pound can also serve the same purpose. The element of risk is in the fluctuations in the currency market.

**Chapter 11** The term for bankruptcy protection in the US. It postpones a company's obligations to its creditors, giving it time to reorganise its debts or sell parts of the business, for example.

**Collateralised debt obligations (CDOs)** A financial structure that groups individual loans, bonds or other assets in a portfolio, which can then be traded. In theory, CDOs attract a stronger credit rating than individual assets due to the risk being more diversified. But as the performance of many assets fell during the financial crisis, the value of many CDOs was also reduced.

**Commercial paper Unsecured,** short-term loans taken out by companies. The funds are typically used for working capital, rather than fixed assets such as a new building. The loans take the form of IOUs that can be bought and traded by banks and investors, similar to bonds.

**Commodities Commodities** are products that, in their basic form, are all the same so it makes little difference from whom you buy them. That means that they can have a common market price. You would be unlikely to pay more for iron ore just because it came from a particular mine, for example.

Contracts to buy and sell commodities usually specify minimum common standards, such as the form and purity of the product, and where and when it must be delivered. The commodities markets range from soft commodities such as sugar, cotton and pork bellies to industrial metals such as iron and zinc.
Core inflation A measure of CPI inflation that strips out more volatile items (typically food and energy prices). The core inflation rate is watched closely by central bankers, as it tends to give a clearer indication of long-term inflation trends.

Correction (market) A short-term drop in stock market prices. The term comes from the notion that, when this happens, overpriced or underpriced stocks are returning to their "correct" values.

CPI The Consumer Prices Index is a measure of the price of a bundle of goods and services from across the economy. It is the most common measure used to identify inflation in a country. CPI is used as the target measure of inflation by the Bank of England and the ECB.

Credit crunch A situation where banks and other lenders all cut back their lending at the same time, because of widespread fears about the ability of borrowers to repay. If heavily-indebted borrowers are cut off from new lending, they may find it impossible to repay existing debts. Reduced lending also slows down economic growth, which also makes it harder for all businesses to repay their debts.

Credit default swap (CDS) A financial contract that provides insurance-like protection against the risk of a third-party borrower defaulting on its debts. For example, a bank that has made a loan to Greece may choose to hedge the loan by buying CDS protection on Greece. The bank makes periodic payments to the CDS seller. If Greece defaultson its debts, the CDS seller must buy the loans from the bank at their full face value. CDSs are not just used for hedging - they are used by investors to speculate on whether a borrower such as Greece will default.

Credit rating The assessment given to debts and borrowers by a ratings agency according to their safety from an investment standpoint - based on their creditworthiness, or the ability of the company or government that is borrowing to repay. Ratings range from AAA, the safest, down to D, a company that has already defaulted. Ratings of BBB- or higher are considered "investment grade". Below that level, they are considered "speculative grade" or more colloquially as junk.

Currency peg A commitment by a government to maintain its currency at a fixed value in relation to another currency. Sometimes pegs are used to keep a currency strong, in order to help reduce inflation. In this case, a central bank may have to sell its reserves of foreign currency and buy up domestic currency in order to defend the peg. If the central bank runs out of foreign currency reserves, then the peg will collapse. Pegs can also be used to help keep a currency weak in order to gain a competitive advantage in trade and boost exports. China has been accused of doing this. The People's Bank of China has accumulated trillions of dollars in US government bonds, because of its policy of selling yuan and buying dollars - a policy that has the effect of keeping the yuan weak.