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Danish Government Borrowing and Debt 2008

Today Government Debt Management at Danmarks Nationalbank releases "Danish Government Borrowing and Debt 2008". The publication is available at Government Debt Management's website, www.governmentdebt.dk.

The publication describes the development in government borrowing and debt over the preceding year, as well as risk management in relation to government debt.

The main theme of 2008 is the international financial crisis. The crisis has emphasised the importance of having a well-functioning market for government securities as this facilitates access to the financial market and contributes to financial stability.

In 2008, the government surplus was DKK 52 billion, corresponding to 3 per cent of GDP. As a result of the government surplus, the central-government debt was reduced to DKK 195 billion, equivalent to 11 per cent of GDP or DKK 35,000 per capita. In 2008, the interest costs on the central-government debt totalled DKK 11.6 billion, corresponding to 0.7 per cent of GDP. Due to its low government debt, Denmark is in a favourable position compared with other countries.

In 2009, the domestic issuance is expected to be DKK 40 billion, most of which will be in the newly opened 10-year on-the-run issue.

The foreign debt is issued in order to maintain an adequate foreign-exchange reserve. As a general rule, the central government raises foreign loans equivalent to the redemptions on the foreign debt (around DKK 20 billion in 2009). In the context of the financial turmoil, the central government's contribution to the foreign-exchange reserve is increased.

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