# Country report **CHINA**

**Summary**

On the back of monetary tightening, real GDP growth is slowing down gradually to 8.5% in 2012 under the baseline, soft landing scenario. However, a number of downside risks are present, such as a potential bursting of the real estate bubble, a large amount of local government debt and a lack of credit affecting SME's. Inflation is easing, recording 5.5% year-on-year in October, which opens the way for monetary policy easing that should reduce the risk that these downside scenario's will materialize. However, monetary policy is not expected to be loosened significantly until inflation ebbs further. In 2012 and 2013, China's top leadership will be replaced. Unrest is present in China and the government continues to address, by negotiation or force, any signs of public discontent. China's external position remains exceptionally sound, backed by around USD 3,000bn of FX-reserves.

**Things to watch:**

- Downside risks  and financial sector stress
- Inflation and any loosening of monetary policies

Author: **Erwin Blaauw**
Country Risk Research
Economic Research Department
Rabobank Nederland

Contact details: P.O.Box 17100, 3500 HG Utrecht, The Netherlands
+31-(0)30-21-62648
E.R.Blaauw@rn.rabobank.nl

# China

| National facts | |
|---|---|
| Type of government | Communist State |
| Capital | Beijing |
| Surface area (thousand sq km) | 9,597 |
| Population (millions) | 1,305 |
| Main languages | Mandarin |
| | Cantonese |
| Main religions | Taoist |
| | Buddhist |
| | Christian |
| Head of State (president) | Hu Jintao |
| Head of Government (premier) | Wen Jiabao |
| Monetary unit | Renminbi yuan (RMB) |

| Economy | | 2010 |
|---|---|---|
| *Economic size* | *bn USD* | *% world total* |
| Nominal GDP | 5878 | 9.42 |
| Nominal GDP at PPP | 10233 | 13.70 |
| Export value of goods and services | 1753 | 9.41 |
| IMF quotum (in mln SDR) | 8090 | 3.72 |
| *Economic structure* | *2010* | *5-year av.* |
| Real GDP growth | 10.3 | 11.4 |
| Agriculture (% of GDP) | 10 | 11 |
| Industry (% of GDP) | 47 | 47 |
| Services (% of GDP) | 43 | 42 |
| *Standards of living* | *USD* | *% world av.* |
| Nominal GDP per head | 4480 | 45 |
| Nominal GDP per head at PPP | 7800 | 66 |
| Real GDP per head | 2957 | 37 |

| Social and governance indicators | rank / total |
|---|---|
| Human Development Index (rank) | 89 / 169 |
| Ease of doing business (rank) | 91 / 183 |
| Economic freedom index (rank) | 135 / 179 |
| Corruption perceptions index (rank) | 78 / 178 |
| Press freedom index (rank) | 171 / 178 |
| Gini index (income distribution) | 41.53 |
| Population below $1.25 per day (PPP) | 15.9% |

| Foreign trade | | | 2010 |
|---|---|---|---|
| *Main export partners (%)* | | *Main import partners (%)* | |
| US | 18 | Japan | 13 |
| Hong Kong | 14 | South Korea | 10 |
| Japan | 8 | Taiwan | 9 |
| South Korea | 4 | US | 8 |

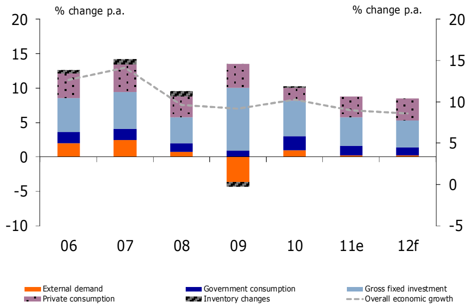
| *Main export products (%)* | |
|---|---|
| Telecommunications equipment | 12 |
| Office machines | 12 |
| Electrical machinery | 12 |
| Clothing & apparel | 8 |
| *Main import products (%)* | |
| Electrical machinery | 19 |
| Petroleum & petroleum products | 12 |
| Industrial machinery | 9 |
| Textiles | 5 |
| *Openness of the economy* | |
| Export value of G&S (% of GDP) | 30 |
| Import value of G&S (% of GDP) | 26 |
| Inward FDI (% of GDP) | 3.1 |

Source: EIU, CIA World Factbook, UN, Heritage Foundation, Transparency International, Reporters Without Borders, World Bank.

## Economic structure and growth

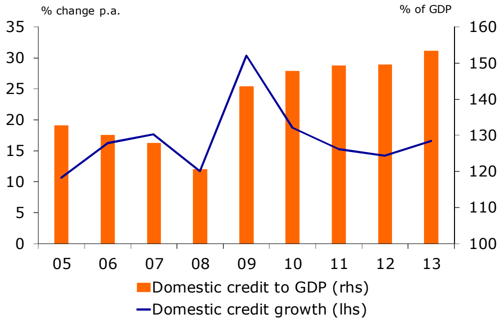
China, with its 1.3bn inhabitants, is the most populous country in the World and its economy is the second largest in the World -after the US- measured in both nominal GDP and in PPP terms. At the heart of China's economic success has been its successful export-led growth model. However, looking forward, many of the advantages that support this model will start to diminish and a shift towards a consumption-driven growth model is required to sustain growth in the long-term. After year-on-year growth declined to 6.8% in 1Q2009 following the collapse of external demand during the 2008/2009 financial crisis, growth picked up swiftly on the back of a large government-directed, credit-driven stimulus program. However, in 2010 the negative effects of this stimulus started to become visible. Strong monetary growth, rising inflation and an overheating real estate market prompted the government to tighten monetary policies and rein in credit growth. These measures contributed to the economy slowing gradually in 2011, with year-on-year growth decreasing from 9.7% in the first quarter to 8.9% in the third. A further growth slowdown is expected, which is reflected in the latest consumer and producer confidence surveys, to 8% year-on-year in the last quarter of the year. Over the whole of 2011, growth is estimated at 9%. For 2012, we expect the baseline, "soft landing" scenario, with annual real GDP growth slowing to around 8.5%, to materialize. However, a number of significant downside risks are present, which could have an adverse impact on China's economy and its financial sector. Firstly, the real estate market. After the government implemented policies to cool the real estate market in 2010, house prices started to rise more slowly. Lately, prices have started to fall in a number of major cities while the number of house sales has decreased in most cities. With credit becoming more difficult to obtain, real estate developers have started to lower their prices in order to generate much needed cash flows. A sharp correction on the real estate market would impact banks, which, on average, have an exposure to the property sector of around 20% of total assets.

**Chart 1: Growth performance**




Source: EIU

**Chart 2: Domestic credit**




Source: EIU

Secondly, the 2009 stimulus effort was largely done through Local Government Financing (or Investment) platforms (LGFP's or LGIP's) that were financed by government owned banks and often backed by local government guarantees. LGIP income is mainly derived from transfers from local governments, but those that do have a commercial source of income also have a weak financial position. Estimates of the total amount of LGIP debt differ, ranging between RMB 9 and 14 trillion (USD 1,400bn and USD 2,200bn), or around 27% of GDP in the worst case. With land sales, a favorite cash-generating method among local governments, having become less lucrative in face of the slowing real estate market, it seems unlikely that all the LGIP debt will be repaid, which presents a significant downside risk to banks' financial health.

Thirdly, off-balance sheet and informal lending have taken a flight in the past year. As rising inflation pushed real deposit interest rate into negative territory, many savers opted to invest in wealth management products. In addition, banks, faced with government-required credit ceilings, increased off-balance sheet lending through alternative forms of credit. Especially small and medium sized enterprises (SME's) have been forced to turn to alternative sources of credit, paying a much higher interest rate than the official lending rate, as banks favor allocating credit to large state-owned enterprises. As a result, domestic credit has continued to increase in 2011 to around 150% of GDP in 2011. Taking into account off-balance sheet lending, credit to GDP could be as high as 168%. According to some estimates[1], credit to GDP stands at 173% of GDP when informal lending is included.

Finally, the external outlook is weakening on the back of a weak economic outlook in the US and the EU, the latter being affected by the debt crisis in the euro area. As a result, export growth might turn out to be (much) slower than currently estimated. As exports are still important for economic activity in China, a sharp drop in demand for China's export would create further financial stress for Chinese companies, not in the least for SME's. NPL's could rise as a result, adding to the potential risks in the banking sector and a potential drag on economic growth.

If these downside risks would materialize, a financial crisis looms and economic growth would be subdued strongly. These risks have prompted the government to act. A number of tax cuts for SME's have been announced and the banking regulator has stated it will be generous with regard to banks rolling over SME debt. An easing of regulations to make rolling over LGIP debt is also underway and a pilot that allows local governments to issue bonds is in the making. Although this

[1] HSBC Global Research. China Banks, Shadow Banking Conundrum, 19 October 2011.

might alleviate immediate problems, it does not present a solution to the overall situation. A bailout of banks that face an unmanageably high non-performing loans ratio (which according to official data remains low at the moment) by the central government is not unimaginable. Whether or not each bank would be rescued and how this would work out for foreign investors, though, remains uncertain. Loosening monetary policies and credit conditions would be provide an important breath of fresh air to the economy, reducing the risk of financial stress and supporting economic activity. However, the government will be reluctant lower interest rates (perhaps in the first quarter of 2012, if inflation eases strongly), as inflation continues to be run at 1.5% above the central bank's target of 4%. Therefore, government will likely resort to "fine tuning" monetary policies to alleviate pressing problems. However, with regard to the real estate market, the government seems set to continue to guide real estate prices further down.

**Political and social situation**

The People's Republic of China, established in 1949, is a socialist one-party state ruled by the CCP since its inception. Power is centralized in the CCP and the support of the three-million strong People's Liberation Army and a well-developed internal security system safeguards political stability. Currently, the fourth generation of leaders is in power, led by the president and General Secretary of the CCP, Hu Jintao, and Wen Jiabao, the premier. Under their guidance, the overall policy framework has been aimed at "creating a harmonious and a well-off society". This is also reflected in the latest, and 12$^{th}$, five-year plan that seeks to rebalance the economy on multiple fronts in order to achieve economic, environmental and social sustainability.

The transition to the fifth generation of leadership is underway. Recently, senior finance regulators' positions, such as the heads of the insurance and banking regulatory commissions were reshuffled. In 2012, the top positions within the CCP will be renewed. It is all-but-certain that Xi Jinping will be appointed by the 18$^{th}$ CCP congress as the next General Secretary of the CCP in 2012 and is highly likely to be elected by the National People's Congress as China's next president in 2013. It is expected that Li Keqiang will take over the position of premier.

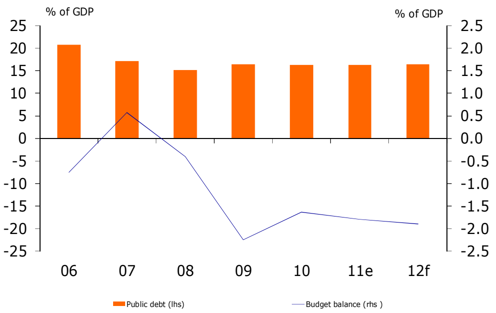
Although the political climate is overall stable, there are frequent events of public unrest in the form of protest and strikes. Some estimates put the total number "mass incidents" as high as 90,000 a year. The source of discontent can be found in a wide range of issues, including poor working conditions, late payment of wages, pollution, abuses of power and corruption. Land acquisitions by the government are a particular source of dissatisfaction. In addition, ethnic tensions are present in the country's autonomous regions Tibet and Xinjiang, which are home to an indigenous population that claims independence. Developments in Tibet have made headlines, as in recent months 8 Tibetan monks and 2 nuns have self-immolated on separate occasions in protest. As these autonomous regions are of great strategic importance - Tibet supplies an important part of China's fresh water while Xinjiang is important with regard to the supply of energy and precious metals – the government will want to keep these regions under control at all costs. The Chinese government remains highly vigilant regarding public unrest, either suppressing or resolving any outbreak as quickly as possible while maintaining restrictions of press and internet freedom. This year, spending on domestic security was increased by nearly 14%, an indication of both the increasing costs related to maintaining control and the government's determination to maintain stability during the leadership transition.

Internationally, China maintains its policies to further to country's economic integration into the international community. Seeking greater influence in multilateral organizations such as the World Bank and the IMF is part of this strategy. Within the region, tensions with neighboring countries are sporadic and mostly centered around maritime territory conflicts. In these conflicts, China has shown it is willing to exert strong pressure on its neighbors, with economic measures complementing diplomatic pressure.

**Economic policy**

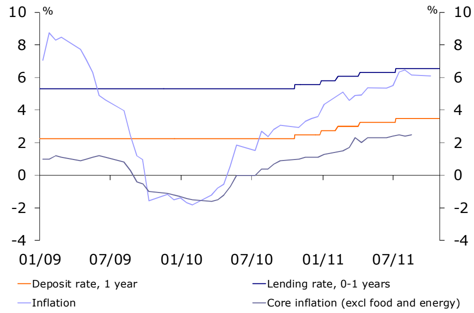
China's economic policies have been aimed at gradually opening up the economy and managing a step by step liberalization of the economy. However, the government continues to micro-manage the economy in order to ensure that its main focus, maintaining stable and strong growth rates, is achieved. China's growth figures have been very impressive indeed. However, large external imbalances and sub-optimal allocation of capital within the economy are putting a strain on the current model. Adjustment is inevitable to ensure sustainable and stable economic growth in the long-run. In March 2011, the government announced its 12$^{th}$ five-year plan in which it started to shift away from its "growth at all costs" policy framework towards one that ensures "sustainable economic growth", economically, but socially and environmentally as well. In this light, the growth target was lowered to 7% in 2011, down from the 8% that had been in place in the years before.

**Chart 5: Public finances**




Source: EIU

**Chart 6: Inflation and interest rates**




Source: Reuters EcoWin

China's budget balance dipped into the red from 2008 onwards, but increased strongly in 2009 to -2.3% of GDP on the back of weaker economic growth and, more importantly, due to increased spending related to the fiscal support of the economy. In 2010, the budget balance improved again, to -1.6% of GDP, but in 2011 and 2012 slightly higher budget deficits of around 1.9% of GDP are expected. Public debt, meanwhile, is low and stable at roughly 16.5% of GDP. In nominal terms, however, total public debt has increased from USD 68bn in 2008 to an estimated USD 115bn end-2011 and is expected to increase further to slightly below USD 140bn at end-2012. Most of the debt is financed domestically, although two external RMB-denominated debt issues, via Hong Kong, have been made recently. Contingent liabilities are present, however, as government support for the banking sector might be needed in case one or more of the downside risks materialize, amounting to between an estimated 10 and 30 percent of GDP. The government's sound debt figures imply that it would be able to provide such support without its debt burden becoming unmanageable. It would nevertheless still present a challenge given the sheer amount of support needed in a worse-case scenario.

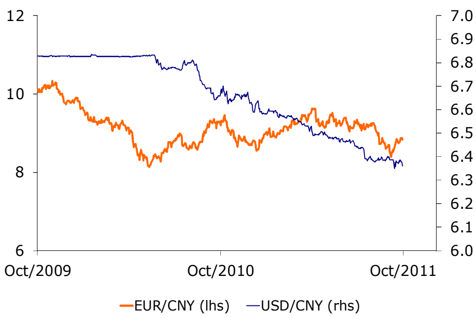
Monetary policies are directed by the government. The central bank, the People's Bank of China (PBoC), merely executes monetary policies. Since the last quarter of 2010, monetary policies have been gradually tightened to rein in credit growth and to counter rising inflationary pressures. Banks have to adhere to a credit ceiling and the Reserve Requirement Ratio (RRR) has been increased to record levels (21.5% and 19.5% for big banks and small banks respectively). Starting in the third quarter of 2010, the one-year deposit rates and 0-1 year lending rate were raised by 125bp's to 3.5% and 6.56% in July 2011 respectively. As banks increasingly turned to off balance sheet lending as a result of the tighter policies, the government introduced the concept of "Society-Wide

Financing", or total social finance, to measure financing conditions in April 2011 to assess the effectiveness of monetary policies more accurately. This new measure sums up the following financing sources: equity, corporate bonds, designated loans, banker's acceptance bills, trust loans and bank loans.

Inflation remained stubbornly high during most of the year in spite of the monetary tightening measures and well above the government's inflation target of 4% in 2011. However, after steadily increasing from 4.9% in early 2011 to 6.4% year-on-year in July, mainly on the back of rapidly rising food prices, inflation finally eased to 5.5% in October. This average figure hides the fact that inflation differs from region to region, with Qinghai reporting the lowest inflation (4.3%) while inflation in Xinjiang (6.6%) was the highest in October. Tackling the inflation problem is imperative for the government, as rising prices are a strong potential source of public unrest, even more so given the fact that food prices are rising most steeply, which impacts the poor especially. In addition, inflation is named as the most problematic factor for doing business in the World Economic Forum's Competitiveness Report. Therefore, the PBoC is not expected to ease monetary policies significantly until the inflation threat has clearly faded. That being said, the easing of inflation in October (the third month in a row) has cleared the way for fine tuning policies in order to counter the downside growth risks present.

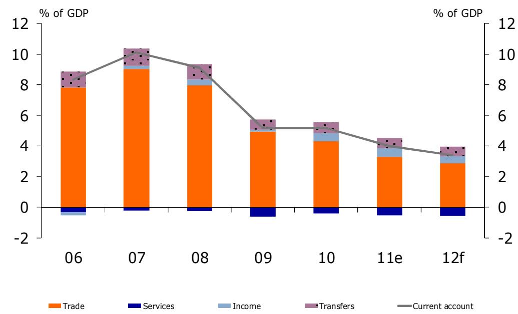
China's exchange rate is heavily managed by the Chinese central bank. Although the peg against the US dollar was released (again) mid-2010, the pace of appreciation is, as desired by Chinese authorities, rather slow. Since the release of the peg, the Chinese yuan (CNY) appreciated by around 8% against the US dollar (USD). China's exchange rate regime continues to be a reason for diplomatic tensions with the US. The US accuses China of hurting economic activity in the US by keeping the CNY artificially low to support its exports. Recently, the US Senate passed a bill that categorizes an undervalued exchange rate as a type of export subsidy, allowing the US to retaliate with trade measures. However, to take effect, the bill still needs approval by the House of Representatives and the US president, which is unlikely. Moreover, the WTO would not agree with such retaliatory action. Under the baseline scenario, a continuation of the gradual appreciation of the CNY against the USD is likely. However, if China's economy would slow more rapidly as a result of a sharp contraction of external demand, a re-peg to the USD, as occurred in 2008, or even a depreciation is not unimaginable.

**Chart 7: Exchange rate**




Source: Reuters EcoWin

**Chart 8: Current account**



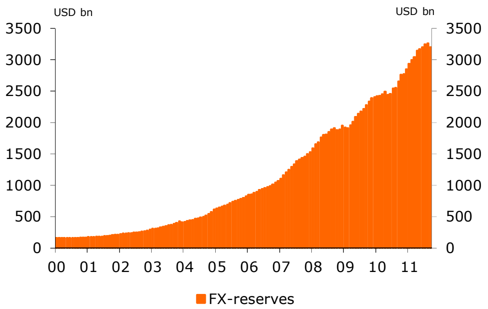

Source: EIU

**Balance of Payments**

Supported by a large surplus on the trade balance, China's current account shows a comfortable surplus. Exports, which amounted to USD 1,581bn in 2010, continue to increase, growing by just under 10% a year in real terms. Meanwhile, import growth is slightly stronger at just over 10% a year. As a result, the trade surplus will narrow from USD 254bn in 2010 (4.3% of GDP) to around

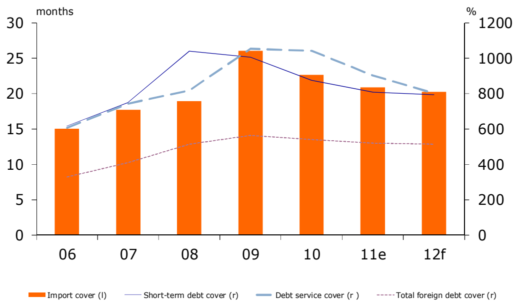
USD 234 in 2011 (3.3% of GDP) and, as a percentage of GDP, will decline further to 2.9% of GDP. However, the export outlook is not bright, as the global economy is weakening and exports to Europe showed a sharp drop of 6.8% month-on-month in September. After a decline in 2010, the deficit on the services balance will increase again in 2011 and 2012 to USD 37bn and USD 45bn respectively. A larger surplus on the income and current transfers balances will partly offset the deterioration of the services balance in 2011. The surplus on the current account will therefore decrease to USD 280bn, or 4% of GDP, in 2011. Barring a strong weakening of exports, the current account surplus will narrow to 3.4% of GDP in 2012 (although it will widen in nominal terms) and is forecasted to narrow further in the years thereafter. On the financial account, direct investment inflows are expected to remain more or less steady at around USD 200bn a year in the coming years, while direct investment outflows are expected to increase from USD 60bn in 2010 to USD 98bn in 2012. At the moment, China is the fifth-largest global investor, up from the 17th spot in 2005. Net investment flows will fall as a result of a forecasted inflow of USD 121bn in 2011 and USD 102bn in 2012. Portfolio inflows are estimated at around USD 24bn in 2010 and this year before decreasing to a relatively low USD 15bn in 2012. Outward portfolio flows, meanwhile, are expected to increase sharply from USD 7.6bn in 2010 to USD 35bn in 2011 and USD 71bn in 2012. On a net basis, therefore, portfolio flows will turn into a net outflow that is estimated to increase to USD 55bn in 2012. Debt inflows will remain steady in 2011 compared to 2010 at around USD 100bn, as especially trade-related short-term debt will increase.

**Chart 9: FX-reserves**




Source: Reuters EcoWin

**Chart 10: External liquidity**




Source: EIU, Rabobank

### External position

Due to China's vast amount of FX-reserves and relatively low levels of external debt, China's external position is very strong. China's international investment net asset position is sound at around 30%. Most of the country's external assets are FX-reserves while external liabilities consist mainly of foreign investments in China. Meanwhile, total external debt stood at nearly USD 530bn, equal to 9% of GDP and 27% of current account receipts in 2010. Although external debt will increase to USD 635bn by the end-2011, this will still be equal to 9% of GDP. Short term external debt is relatively high and rising, from USD 240bn in 2009 to an anticipated USD 409bn in 2011. It is also increasing as a percentage of total external debt from 56% in 2009 to an expected 64% in 2011 and 2012, mostly trade related. Meanwhile, FX-reserves amounted to USD 2,866bn end-2010 and are expected to increase further to USD 3,310bn by the end of this year, equal to nearly 20 months of import cover and more than five times China's total external debt. In September, the value of China's FX-reserves fell by USD 61bn, an unusual occurrence that was likely related to the appreciation of the US dollar against the euro. The pace of foreign exchange accumulation is easing, though, partly on the back of lower current account surpluses. This will also impact China's external liquidity ratio. The liquidity ratio is expected to decrease from a high of 288% in 2009 to 240% in 2012, which, however, is still exceptionally sound.

Rabobank

## China

| Selection of economic indicators | 2006 | 2007 | 2008 | 2009 | 2010 | 2011e | 2012f |
|---|---|---|---|---|---|---|---|
| *Key country risk indicators* | | | | | | | |
| GDP (% real change pa) | 12.7 | 14.2 | 9.6 | 9.2 | 10.3 | 9.0 | 8.6 |
| Consumer prices (average % change pa) | 1.7 | 4.8 | 5.9 | -0.7 | 3.2 | 5.4 | 4.0 |
| Current account balance (% of GDP) | 8.4 | 10.1 | 9.1 | 5.2 | 5.2 | 4.0 | 3.4 |
| Total foreign exchange reserves (mln USD) | 1068489 | 1530283 | 1949260 | 2416041 | 2866079 | 3310690 | 3654820 |
| *Economic growth* | | | | | | | |
| GDP (% real change pa) | 12.7 | 14.2 | 9.6 | 9.2 | 10.3 | 9.0 | 8.6 |
| Gross fixed investment (% real change pa) | 12.9 | 13.7 | 9.8 | 23.5 | 11.9 | 9.5 | 8.8 |
| Private consumption (real % change pa) | 9.2 | 10.8 | 8.4 | 9.9 | 5.1 | 9.0 | 9.4 |
| Government consumption (% real change pa) | 11.7 | 11.9 | 9.0 | 6.7 | 15.3 | 10.0 | 9.0 |
| Exports of G&S (% real change pa) | 17.7 | 16.6 | 4.6 | -3.9 | 20.4 | 9.8 | 9.2 |
| Imports of G&S (% real change pa) | 16.0 | 13.9 | 3.7 | 4.7 | 20.8 | 10.6 | 10.0 |
| *Economic policy* | | | | | | | |
| Budget balance (% of GDP) | -0.7 | 0.6 | -0.4 | -2.3 | -1.6 | -1.8 | -1.9 |
| Public debt (% of GDP) | 21 | 17 | 15 | 17 | 16 | 16 | 17 |
| Money market interest rate (%) | 2.7 | 3.4 | 4.3 | 1.7 | 2.7 | 4.4 | 3.6 |
| M2 growth (% change pa) | 22 | 17 | 18 | 28 | 19 | 18 | 17 |
| Consumer prices (average % change pa) | 1.7 | 4.8 | 5.9 | -0.7 | 3.2 | 5.4 | 4.0 |
| Exchange rate LCU to USD (average) | 8.0 | 7.6 | 6.9 | 6.8 | 6.8 | 6.5 | 6.2 |
| Recorded unemployment (%) | 5.8 | 5.7 | 5.9 | 6.3 | 6.1 | 6.5 | 6.4 |
| *Balance of payments (mln USD)* | | | | | | | |
| Current account balance | 232746 | 353996 | 412364 | 261120 | 305374 | 280550 | 284450 |
| Trade balance | 217746 | 315381 | 360682 | 249509 | 254180 | 232860 | 239730 |
| Export value of goods | 969682 | 1220000 | 1434600 | 1203800 | 1581420 | 1897240 | 2123720 |
| Import value of goods | 751936 | 904618 | 1073920 | 954287 | 1327240 | 1664380 | 1883990 |
| Services balance | -8834 | -7905 | -11812 | -29398 | -22118 | -37600 | -45820 |
| Income balance | -5365 | 7852 | 17694 | 7261 | 30380 | 38840 | 39580 |
| Transfer balance | 29200 | 38668 | 45799 | 33748 | 42933 | 46450 | 50970 |
| Net direct investment flows | 102922 | 143057 | 121677 | 70317 | 124930 | 121100 | 102800 |
| Net portfolio investment flows | -69263 | 16954 | 44756 | 38731 | 17057 | -10710 | -55970 |
| Net debt flows | 33514 | 45870 | -3465 | 41948 | 100490 | 102870 | 74430 |
| Other capital flows (negative is flight) | -52944 | -98083 | -156355 | 60406 | -97813 | -54180 | -61300 |
| Change in international reserves | 246975 | 461794 | 418977 | 472522 | 450038 | 439630 | 344420 |
| *External position (mln USD)* | | | | | | | |
| Total foreign debt | 325260 | 373773 | 378245 | 428442 | 529196 | 635540 | 709190 |
| Short-term debt | 173377 | 203698 | 187188 | 240509 | 327916 | 409840 | 460590 |
| Total debt service due, incl. short-term debt | 175746 | 205563 | 238087 | 229018 | 275431 | 367020 | 456900 |
| Total foreign exchange reserves | 1068489 | 1530283 | 1949260 | 2416041 | 2866079 | 3310690 | 3654820 |
| International investment position | 640160 | 1188110 | 1493820 | 1510680 | 1790650 | n.a. | n.a. |
| Total assets | 1690430 | 2416200 | 2956690 | 3457070 | 4126040 | n.a. | n.a. |
| Total liabilities | 1050270 | 1228090 | 1462870 | 1946390 | 2335390 | n.a. | n.a. |
| *Key ratios for balance of payments, external solvency and external liquidity* | | | | | | | |
| Trade balance (% of GDP) | 7.8 | 9.0 | 8.0 | 4.9 | 4.3 | 3.3 | 2.9 |
| Current account balance (% of GDP) | 8.4 | 10.1 | 9.1 | 5.2 | 5.2 | 4.0 | 3.4 |
| Inward FDI (% of GDP) | 4.5 | 4.6 | 3.9 | 2.3 | 3.1 | 2.8 | 2.4 |
| Foreign debt (% of GDP) | 12 | 11 | 8 | 8 | 9 | 9 | 8 |
| Foreign debt (% of XGSIT) | 28 | 25 | 22 | 29 | 27 | 27 | 27 |
| International investment position (% of GDP) | 23.0 | 34.0 | 33.0 | 29.9 | 30.5 | n.a. | n.a. |
| Debt service ratio (% of XGSIT) | 15 | 14 | 14 | 15 | 14 | 16 | 18 |
| Interest service ratio incl. arrears (% of XGSIT) | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| FX-reserves import cover (months) | 15.0 | 17.7 | 19.0 | 26.0 | 22.6 | 20.9 | 20.3 |
| FX-reserves debt service cover (%) | 608 | 744 | 819 | 1055 | 1041 | 902 | 800 |
| Liquidity ratio | 230 | 250 | 258 | 288 | 267 | 248 | 240 |

Source: EIU