

Germany's debt hits record high due to fiscal splurge in pandemic

BERLIN (Reuters) – Germany's massive spending to shield Europe's largest economy from the coronavirus shock has pushed overall debt to its highest level on record, data showed on Tuesday.

The overall debt from federal government, regional states, municipalities and social security funds ballooned to 2.1089 trillion euros (\$2.46 trillion) during the first half of the year, the Federal Statistics Office said.

That was an 11% increase compared to the previous six months and beat the previous record reached at the end of the second half of 2012, it added.

"The increase is mainly due to the fact that the public budgets borrowed funds for the purpose of financing measures to overcome the coronavirus crisis," the office said.

The German cabinet last week approved Finance Minister Olaf Scholz's draft budget for next year which envisages net new debt of 96.2 billion euros to finance further measures to tackle the coronavirus crisis.

The additional borrowing marks the second-highest amount of net new debt in Europe's largest economy since the end of World War Two and comes after the government already took on record high borrowing of some 218 billion euros this year.

Scholz is expected to discuss the 2021 draft budget with lawmakers in the Bundestag lower house of parliament later on Tuesday.

Reporting by Michael Nienaber; Editing by Michelle Adair

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