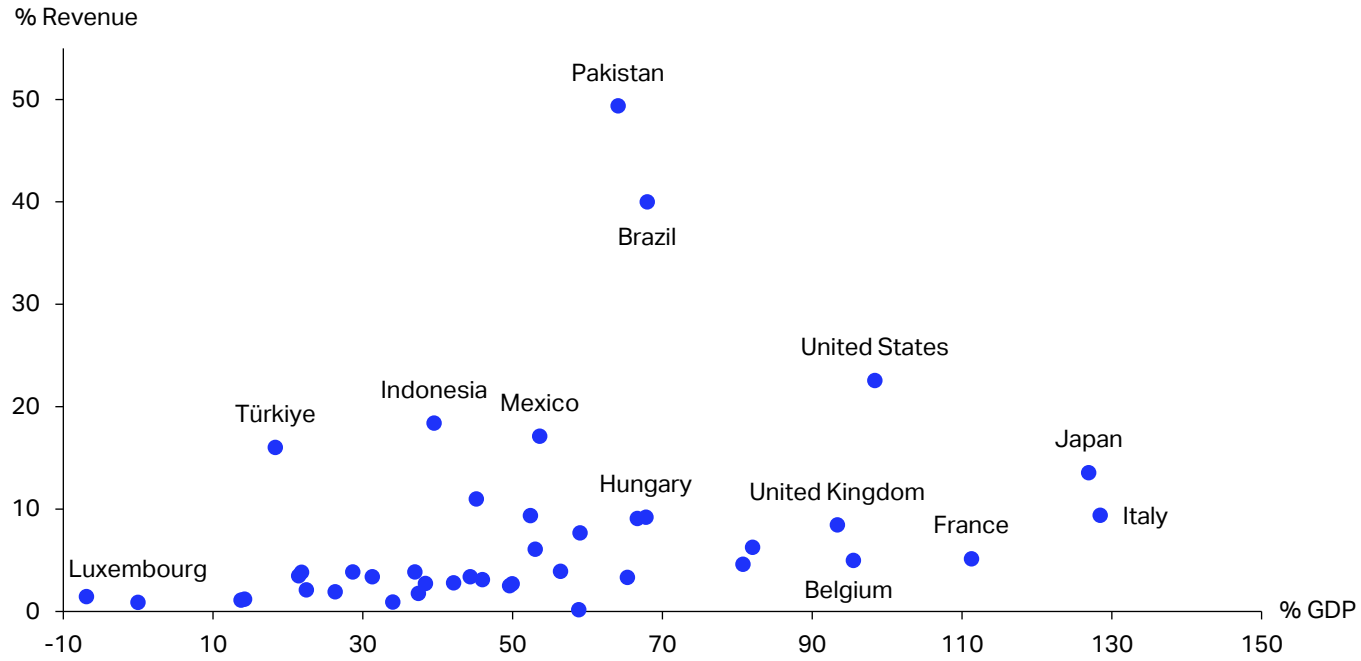
Chart of the Week

20 November 2026

Record Government Debt and the Burden of Paying for it

Government debt, % of GDP, and interest payments, % of government revenue, H1 2026



Source: IATA Sustainability and Economics
Note: H1 2026 corresponds to the first half of 2026. Pakistan data corresponds to FY2026

- Global debt exceeded USD 365 trillion in the first half of 2026, including approximately USD 111 trillion owed by governments at the end of 2025. With interest rates higher and a substantial volume of debt approaching maturity, debt service is becoming one of the defining fiscal challenges of the decade.
- At the most acute end of the spectrum, Lebanon and Venezuela remain in default, while Belarus has defaulted partially and Ethiopia is in restructuring. Ghana, Zambia, Sri Lanka and Suriname have completed most of their principal restructuring processes but continue to face difficult post-crisis adjustments.
- A second group, including Egypt, Kenya, Pakistan, and Tunisia, faces severe fiscal and financing pressures. These countries demonstrate that debt can become economically unmanageable before it becomes legally unpayable. Governments may avoid formal default by sacrificing investment, accumulating arrears, drawing financing from domestic banks and restricting imports. The consequence is a debt-growth trap: debt constrains growth, while weak growth makes the debt increasingly difficult to reduce.
- Rich countries are not immune. In advanced economies, the trap is less likely to culminate in sudden default than in prolonged stagnation, rising taxation, and steadily diminishing fiscal room. Italy, Japan, France and Belgium already display many of these characteristics. The United Kingdom, the United States and Spain are at risk of moving in the same direction.
- The scale of today's interest burden is striking. In the United States, the federal debt exceeded USD 40 trillion in 2026, and net interest costs reached USD 1.05 trillion, equivalent to just over one-fifth of federal revenue. Pakistan, for example, carries a small debt by comparison, at around USD 290 billion, but paid around USD 31 billion in interest, representing almost 50% of government revenue.

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