

ABSTRACT

The influence of world oil prices, real interest rates, economic growth, government spending, current account balance, and exchange rate on external debt still shows mixed results based on various empirical evidence. This study aims to analyze the correlation between these six variables on external debt empirically by using the panel data from four ASEAN countries, namely Indonesia, Thailand, Vietnam, and the Philippines during the period 2011 – 2020. The results of the analysis show that world oil prices and government spending have a negative effect and significant to external debt. The real interest rate variable has a negative effect, but insignificant and current account variable has a positive but insignificant effect. The exchange rate variable is the only one that has a positive and significant effect on foreign debt in four countries.

Keywords: External debt, World Oil Prices, Economic Growth, Interest Rates, Exchange Rates, Government Spending, Current Account Balance

JEL: C13, C33, Q41, H63