

Provision of deficit and debt data for 2005

Euro area and EU25 government deficit at 2.4% and 2.3% of GDP respectively

Government debt at 70.8% and 63.2%

In 2005 the government deficit¹ of both the **euro area**² and the **EU25** fell compared to 2004, while the government debt¹ increased. In the **euro area** the government deficit decreased from 2.8% of GDP in 2004³ to 2.4% in 2005, and in the **EU25** it fell from 2.7% to 2.3%. In the **euro area** the government debt to GDP ratio rose from 69.8% in 2004 to 70.8% in 2005, and in the **EU25** from 62.4% to 63.2%.

		2002	2003	2004	2005
Euro area					
GDP market prices (mp)	(million euro)	7 246 796	7 455 596	7 748 324	7 999 414
Government deficit (-) / surplus (+)	(million euro)	-181 874	-228 230	-216 168	-194 344
	% of GDP	-2.5	-3.1	-2.8	-2.4
Government expenditure	% of GDP	47.7	48.2	47.6	47.5
Government revenue	% of GDP	45.1	45.1	44.8	45.1
Government debt	(million euro)	4 938 742	5 169 957	5 412 102	5 661 316
	% of GDP	68.2	69.3	69.8	70.8
EU25					
GDP mp	(million euro)	9 843 043	9 997 498	10 478 332	10 875 588
Government deficit (-) / surplus (+)	(million euro)	-230 625	-302 100	-279 998	-252 355
	% of GDP	-2.3	-3.0	-2.7	-2.3
Government expenditure	% of GDP	46.9	47.6	47.0	47.1
Government revenue	% of GDP	44.5	44.5	44.3	44.8
Government debt	(million euro)	5 949 630	6 195 672	6 535 734	6 876 507
	% of GDP	60.4	62.0	62.4	63.2

In 2005 the largest government deficits in percentage of GDP were recorded by **Hungary** (-6.5%), **Portugal** (-6.0%), **Greece** (-5.2%) and **Italy** (-4.1%). Another five Member States also recorded a government deficit of more than 3% of GDP: the **Czech Republic** (-3.6%), the **United Kingdom** (-3.3%), **Germany** (-3.2%), **Malta** (-3.2%) and **Slovakia** (-3.1%). Seven Member States registered a government surplus in 2005: **Denmark** (+4.9%), **Sweden** (+3.0%), **Finland** (+2.7%), **Estonia** (+2.3%), **Spain** (+1.1%), **Ireland** (+1.1%) and **Latvia** (+0.1%). In all, fifteen Member States recorded an improved government balance relative to GDP in 2005 compared to 2004, while nine Member States registered a worsening and in one case it stayed unchanged.

It should be noted that **Denmark**, **Hungary**, **Poland** and **Sweden** are at present benefiting from a transitional period of implementation of Eurostat's decision on classification of funded pension schemes, which has the effect of temporarily improving their deficit/surplus. From April 2007 the derogation will come to an end and the defined contribution funded pension scheme in these four countries will have to be classified outside the government sector. For further information and for quantification of the effect of the derogation, please see annex II.

In 2005, the lowest ratios of government debt to GDP were recorded in **Estonia** (4.5%), **Luxembourg** (6.0%), **Latvia** (12.1%) and **Lithuania** (18.7%). Nine Member States had government debt ratios higher than 60% of GDP in 2005: **Greece** (107.5%), **Italy** (106.6%), **Belgium** (93.2%), **Malta** (74.2%), **Cyprus** (69.2%), **Germany** (67.9%), **France** (66.6%), **Portugal** (64.0%) and **Austria** (63.4%).

In 2005, government expenditure⁴ in the **euro area** was equivalent to 47.5% of GDP, and government revenue⁴ to 45.1%. The figures for the **EU25** were 47.1% and 44.8% respectively. Between 2004 and 2005 the government expenditure ratio in the **euro area** decreased while the government revenue ratio increased.

Reservations on reported data⁵

Eurostat has withdrawn the reservations on reported data of the April 2006 notification (Eurostat News Release 48/2006 of 24 April 2006) concerning **Belgium**. The reservation was withdrawn following amendment of the data for the year 2005 (see below, "Amendments by Eurostat to reported data").

Eurostat has also withdrawn the reservation on reported data of the September 2005 notification and April 2006 notification (Eurostat News Releases 120/2005 of 26 September 2005 and 48/2006 of 24 April 2006) concerning **Greece**. This is due to clarification of the issues concerning the recording of transactions with the EU budget, the accounts of social security and the amounts of other receivables and payables for the years 2002-2005 (see below "Other issues").

Amendments by Eurostat to reported data⁶

Belgium: Eurostat has amended the deficit and debt data notified by Belgium for 2005 in relation to the assumption by government (FIF - Fonds de l'infrastructure ferroviaire) in 2005 of 7 400 million euro (2.5% of GDP) of the debt of the railway company SNCB. According to ESA95 rules, the impact on the government deficit is of the same amount; the impact on the government debt at the end of 2005 amounts to 5 200 million euro (1.7% of GDP).

United Kingdom: Eurostat has amended the data notified by the United Kingdom for years 2002 to 2005 for consistency of recording of UMTS licence proceeds. This leads to an increase in the government deficits for 2002, 2004 and 2005 (as well as for financial years 2002/03, 2004/05 and 2005/06) by GBP 1 045 million (0.1% of GDP) and for 2003 (financial year 2003/04) by GBP 1 044 million (0.1% of GDP). There is no change in the reported debt figures.

Greece: Eurostat is using for the purpose of this EDP notification the GDP figures notified in April 2006, and not the revised GDP data reported by the Greek authorities on 1 October 2006. Given the magnitude and complexity of the revised GDP data (an increase of 25% compared to the old figures), Eurostat will carry out a complete verification of GDP data once Greece has delivered a full inventory of the sources and methods used for the new calculations.

Other issues

As far as **Greece** is concerned, a methodological visit⁷ carried out in June 2006 and September 2006 clarified the pending issues mentioned in the Eurostat News Releases of 26 September 2005 and 24 April 2006, concerning the recording of transactions with the EU budget, the accounts of social security and the amounts of other receivables and payables for the years 2002-2005, and resulted in a revision of Greek deficit data (see Annex I of this press release). The increase in government deficit for Greece was equal to 0.3% of GDP in 2002 and 2003, 0.9% in 2004 and 0.7% in 2005. The methodological visit will be finalised by the establishment of an action plan for the improvement of Greek government finance statistics, to be carried out during the course of next years, agreed between Eurostat and the Greek statistical authorities.

As announced in April 2006, Eurostat is currently discussing with the relevant technical working groups the accounting treatment to be applied to the following issues: securitisation operations undertaken by government, classification of payments for the use of roads, sales or transfers of impaired government claims (notably in the case of foreign claims) and payments in connection with the transfer of pension commitments to government.

In addition, the application of the Eurostat decision on "The treatment of transfers from the EU budget to Member States" of 15 February 2005 (Eurostat News Release 22/2005) is under investigation for a number of Member States.

Furthermore, Eurostat's decision on "The recording of military equipment expenditure" of 9 March 2006 (Eurostat News Release 31/2006) does not seem to have been fully applied by **Germany** and **Greece**.

Background

In this News Release **Eurostat, the Statistical Office of the European Communities**, is providing government deficit and debt data based on figures reported in the second 2006 notification by EU Member States for the years 2002-2005, for the application of the excessive deficit procedure (EDP). This notification is based on the ESA95 system of national accounts. This News Release also includes data on government expenditure and revenue.

Eurostat will also be releasing information on the underlying government sector accounts, as well as on the contribution of deficit/surplus and other relevant factors to the variation in the debt level (stock-flow adjustment), on the government finance statistics section on its website, in the coming days:

http://epp.ec.europa.eu/pls/portal/url/page/PGP_DS_GFS/PGE_DS_GFS_0

1. According to the Protocol on the excessive deficit procedure annexed to the EC Treaty, government deficit (surplus) means the net borrowing (net lending) of the whole general government sector (central government, state government, local government and social security funds). It is calculated according to national accounts concepts (European System of Accounts, ESA95). Government debt is the consolidated gross debt of the whole general government sector outstanding at the end of the year (at nominal value).
 - Table of euro area and EU25 aggregates: the data are in euro. For those countries not belonging to the euro area, the rate of conversion into euro is as follows:
 - for deficit / surplus and GDP data, the annual average exchange rate;
 - for the stock of government debt, the end of year exchange rate.
 - Table of national data: these are in national currencies.
2. Euro area: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland. Slovenia will join the euro area on 1 January 2007.
3. In the previous notification, the 2005 government deficits for the euro area and the EU25 were 2.4% and 2.3% of GDP respectively. The government debt of the euro area was 70.8% of GDP and of the EU25 63.4% of GDP. See News Release 48/2006 of 24 April 2006.
4. Government expenditure and revenue are reported to Eurostat under the ESA95 transmission programme. They are the sum of non-financial transactions of the general government accounts, and include both current and capital transactions. For definitions, see Council Regulation No. 2223/96, as amended. It should be noted that the government balance (i.e. the difference between total government revenue and expenditure) is not the exactly the same under ESA95 as that of the excessive deficit procedure. Regulation (EC) No 2558/2001 on the reclassification of settlements under swaps agreements and forward rate agreements implies that there are two relevant definitions of government deficit/surplus:
 - The ESA95 definition of net lending /net borrowing does not include streams of payments resulting from swap agreements and forward rate agreements, as these are recorded as financial transaction;
 - For the purpose of the excessive deficit procedure, net lending /net borrowing of general government includes streams of interest payments resulting from swap and forward rate agreements.Concerning 2005, for most Member States the difference, if any, between the two balances is minor except in **Sweden** (0.24%), **Denmark** (0.21%), **Finland** (0.19%), **Greece** (0.18%), **Italy** (0.15%), **Belgium** (0.13%) and **Austria** (0.11%). These differences improve net lending/net borrowing for EDP purposes for all countries except in the case of Greece. The data reported by Sweden are not strictly comparable to those of the other countries, as Sweden reports interest on an unconsolidated basis, which results in an overestimation of government revenue and expenditure; however, this has no consequences on the government balance and debt.
5. The term "reservations" is defined in article 8h(1) of Council Regulation 3605/93, as amended: the Commission (Eurostat) expresses reservations when it has doubts on the quality of the reported data.
6. According to Article 8h(2) of Council Regulation 3605/93 as amended, the Commission (Eurostat) may amend actual data reported by Member States and provide the amended data and a justification of the amendment where there is evidence that actual data reported by Member States do not comply with the quality requirements (compliance with accounting rules, completeness, reliability, timeliness and consistency of statistical data).
7. According to Article 8d and 8e(1) of Council Regulation 3605/93 as amended, the Commission (Eurostat) shall ensure a permanent dialogue with Member States and regularly carry out dialogue visits and methodological visits. The methodological visits take place where substantial risks or potential problems with the quality of data are identified, especially as they relate to the methods, concepts and classification applied to the data, which Member States are obliged to report.

For further information on the methodology of statistics reported under the excessive deficit procedure, please see Council Regulation 2223/96, as amended (consolidated version available at <http://eur-lex.europa.eu/LexUriServ/site/en/consleg/1996/R/01996R2223-20030807-en.pdf>) and the Eurostat publication "ESA95 manual on government deficit and debt", second edition (2002), 240 pages, ISBN 92-894-3231-4, pdf file free of charge, paper copy 37 euro (excluding VAT). Additions on securitisation, capital injections, classification of funded pension schemes and impact on government finance, lump sum payments to government in the context of the transfer of pension obligations, and long term contracts between government units and non-government partners are available on the government finance statistics section on the Eurostat website.

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GDP, deficit/surplus and debt in the EU (in national currencies)

		2002	2003	2004	2005
Belgium					
GDP mp	(million euro)	267 652	274 658	289 509	298 541
Government deficit (-) / surplus (+)	(million euro)	+7	+123	-28	-6 858
	% of GDP	0.0	0.0	0.0	-2.3
Government expenditure*	% of GDP	49.8	51.1	49.3	52.4*
Government revenue*	% of GDP	49.8	51.1	49.2	50.0*
Government debt	(million euro)	276 352	270 791	272 969	278 248
	% of GDP	103.3	98.6	94.3	93.2
Czech Republic					
GDP mp	(million CZK)	2 464 432	2 577 110	2 781 060	2 970 261
Government deficit (-) / surplus (+)	(million CZK)	-166 787	-170 558	-80 559	-107 637
	% of GDP	-6.8	-6.6	-2.9	-3.6
Government expenditure	% of GDP	46.3	47.3	44.4	44.1
Government revenue	% of GDP	39.5	40.7	41.5	40.4
Government debt	(million CZK)	702 324	774 989	855 102	903 494
	% of GDP	28.5	30.1	30.7	30.4
Denmark (see annex II)					
GDP mp	(million DKK)	1 372 700	1 409 200	1 467 300	1 554 500
Government deficit (-) / surplus (+)	(million DKK)	+16 500	+14900	+40 000	+76 000
	% of GDP	1.2	1.1	2.7	4.9
Government expenditure**	% of GDP	55.2**	55.3**	55.1**	53.1**
Government revenue**	% of GDP	56.4**	56.3**	57.8**	57.9**
Government debt	(million DKK)	643 000	625 100	624 900	557 500
	% of GDP	46.8	44.4	42.6	35.9
Germany					
GDP mp	(million euro)	2 143 180	2 161 500	2 207 200	2 241 000
Government deficit (-) / surplus (+)	(million euro)	-78 320	-86 910	-82 460	-72 380
	% of GDP	-3.7	-4.0	-3.7	-3.2
Government expenditure	% of GDP	48.1	48.5	47.1	46.8
Government revenue	% of GDP	44.4	44.5	43.4	43.5
Government debt	(million euro)	1 293 026	1 381 007	1 451 126	1 521 631
	% of GDP	60.3	63.9	65.7	67.9
Estonia					
GDP mp	(million EEK)	121 372	132 904	146 694	173 062
Government deficit (-) / surplus (+)	(million EEK)	+480	+2 712	+3 423	+4 061
	% of GDP	0.4	2.0	2.3	2.3
Government expenditure	% of GDP	35.6	35.3	34.2	33.2
Government revenue	% of GDP	36.0	37.4	36.6	35.5
Government debt	(million EEK)	6 849	7 568	7 630	7 708
	% of GDP	5.6	5.7	5.2	4.5
Greece					
GDP mp	(million euro)	143 482	155 543	168 417	181 088
Government deficit (-) / surplus (+)	(million euro)	-7 465	-9 554	-13 110	-9 495
	% of GDP	-5.2	-6.1	-7.8	-5.2
Government expenditure	% of GDP	49.2	49.2	49.8	46.7
Government revenue	% of GDP	43.9	43.0	42.1	41.6
Government debt	(million euro)	158 887	167 723	182 702	194 666
	% of GDP	110.7	107.8	108.5	107.5

GDP, deficit/surplus and debt in the EU (in national currencies)

		2002	2003	2004	2005
Spain					
GDP mp	(million euro)	729 206	782 531	840 106	905 455
Government deficit (-) / surplus (+)	(million euro)	-1 960	-204	-1 510	+10 239
	% of GDP	-0.3	0.0	-0.2	1.1
Government expenditure	% of GDP	38.7	38.2	38.8	38.2
Government revenue	% of GDP	38.4	38.2	38.6	39.4
Government debt	(million euro)	383 079	381 464	388 250	390 475
	% of GDP	52.5	48.7	46.2	43.1
France					
GDP mp	(million euro)	1 548 559	1 594 814	1 659 020	1 710 025
Government deficit (-) / surplus (+)	(million euro)	-48 785	-66 555	-60 564	-49 284
	% of GDP	-3.2	-4.2	-3.7	-2.9
Government expenditure	% of GDP	52.6	53.4	53.2	53.8
Government revenue	% of GDP	49.5	49.2	49.6	50.9
Government debt	(million euro)	901 837	994 527	1 069 165	1 138 434
	% of GDP	58.2	62.4	64.4	66.6
Ireland					
GDP mp	(million euro)	129 947	138 941	147 569	161 163
Government deficit (-) / surplus (+)	(million euro)	-534	+480	+2 166	+1 745
	% of GDP	-0.4	0.3	1.5	1.1
Government expenditure	% of GDP	33.6	33.5	34.0	34.1
Government revenue	% of GDP	33.2	33.9	35.5	35.2
Government debt	(million euro)	41 882	43 273	43 824	44 157
	% of GDP	32.2	31.1	29.7	27.4
Italy					
GDP mp	(million euro)	1 295 226	1 335 354	1 388 870	1 417 241
Government deficit (-) / surplus (+)	(million euro)	-37 085	-46 774	-47 641	-58 163
	% of GDP	-2.9	-3.5	-3.4	-4.1
Government expenditure	% of GDP	47.4	48.3	47.8	48.2
Government revenue	% of GDP	44.4	44.8	44.3	44.0
Government debt	(million euro)	1 367 169	1 392 285	1 442 994	1 510 826
	% of GDP	105.6	104.3	103.9	106.6
Cyprus					
GDP mp	(million CYP)	6 417	6 866	7 390	7 862
Government deficit (-) / surplus (+)	(million CYP)	-283	-432	-300	-184
	% of GDP	-4.4	-6.3	-4.1	-2.3
Government expenditure	% of GDP	40.3	45.1	42.9	43.6
Government revenue	% of GDP	35.9	38.8	38.8	41.2
Government debt	(million CYP)	4 153	4 746	5 199	5 443
	% of GDP	64.7	69.1	70.3	69.2
Latvia					
GDP mp	(million LVL)	5 758	6 393	7 421	8 937
Government deficit (-) / surplus (+)	(million LVL)	-131	-75	-70	+12
	% of GDP	-2.3	-1.2	-0.9	0.1
Government expenditure	% of GDP	35.6	34.6	35.8	36.0
Government revenue	% of GDP	33.4	33.5	34.9	36.2
Government debt	(million LVL)	775	923	1 080	1 085
	% of GDP	13.5	14.4	14.5	12.1

GDP, deficit/surplus and debt in the EU (in national currencies)

		2002	2003	2004	2005
Lithuania					
GDP mp	(million LTL)	51 971	56 804	62 587	71 200
Government deficit (-) / surplus (+)	(million LTL)	-767	-719	-923	-371
	% of GDP	-1.5	-1.3	-1.5	-0.5
Government expenditure	% of GDP	34.4	33.2	33.3	33.6
Government revenue	% of GDP	32.9	31.9	31.8	33.0
Government debt	(million LTL)	11 524	12 021	12 152	13 282
	% of GDP	22.2	21.2	19.4	18.7
Luxembourg					
GDP mp	(million euro)	24 081	25 607	26 996	29 396
Government deficit (-) / surplus (+)	(million euro)	+505	+67	-287	-292
	% of GDP	2.1	0.3	-1.1	-1.0
Government expenditure	% of GDP	41.4	42.3	43.1	43.2
Government revenue	% of GDP	43.5	42.5	42.1	42.2
Government debt	(million euro)	1 563	1 614	1 778	1 767
	% of GDP	6.5	6.3	6.6	6.0
Hungary*** (see annex II)					
GDP mp	(million HUF)	17 203 730	18 935 672	20 712 284	22 026 763
Government deficit (-) / surplus (+)	(million HUF)	-1 415 876	-1 196 247	-1 097 917	-1 434 020
	% of GDP	-8.2	-6.3	-5.3	-6.5
Government expenditure	% of GDP	51.2	49.1	48.8	49.9
Government revenue	% of GDP	43.0	42.8	43.5	43.4
Government debt	(million HUF)	9 295 829	10 570 770	11 665 421	12 714 176
	% of GDP	54.0	55.8	56.3	57.7
Malta					
GDP mp	(million MTL)	1 831	1 859	1 861	1 941
Government deficit (-) / surplus (+)	(million MTL)	-100	-186	-94	-62
	% of GDP	-5.5	-10.0	-5.0	-3.2
Government expenditure	% of GDP	43.5	48.6	47.7	47.4
Government revenue	% of GDP	38.0	38.6	42.6	44.2
Government debt	(million MTL)	1 101	1 305	1 395	1 440
	% of GDP	60.1	70.2	74.9	74.2
Netherlands					
GDP mp	(million euro)	465 214	476 945	489 854	505 646
Government deficit (-) / surplus (+)	(million euro)	-9 182	-14 871	-8 846	-1 430
	% of GDP	-2.0	-3.1	-1.8	-0.3
Government expenditure	% of GDP	46.2	47.1	46.3	45.5
Government revenue	% of GDP	44.2	43.9	44.5	45.2
Government debt	(million euro)	235 090	248 009	257 606	266 329
	% of GDP	50.5	52.0	52.6	52.7
Austria					
GDP mp	(million euro)	220 841	226 243	235 819	245 103
Government deficit (-) / surplus (+)	(million euro)	-1 087	-3 669	-2 868	-3 709
	% of GDP	-0.5	-1.6	-1.2	-1.5
Government expenditure	% of GDP	50.7	51.1	50.3	49.9
Government revenue	% of GDP	50.0	49.3	49.0	48.3
Government debt	(million euro)	145 234	146 099	150 569	155 336
	% of GDP	65.8	64.6	63.8	63.4

GDP, deficit/surplus and debt in the EU (in national currencies)

		2002	2003	2004	2005
Poland (see annex II)					
GDP mp	(million PLN)	807 860	842 120	922 157	980 666
Government deficit (-) / surplus (+)	(million PLN)	-25 602	-39 625	-35 918	-24 116
	% of GDP	-3.2	-4.7	-3.9	-2.5
Government expenditure	% of GDP	44.2	44.6	42.6	43.3
Government revenue	% of GDP	41.0	39.9	38.7	40.9
Government debt	(million PLN)	321 446	369 786	386 303	411 424
	% of GDP	39.8	43.9	41.9	42.0
Portugal					
GDP mp	(million euro)	135 434	137 523	143 029	147 378
Government deficit (-) / surplus (+)	(million euro)	-3 864	-4 013	-4 545	-8 895
	% of GDP	-2.9	-2.9	-3.2	-6.0
Government expenditure	% of GDP	44.3	45.8	46.7	47.7
Government revenue	% of GDP	41.4	42.9	43.5	41.7
Government debt	(million euro)	75 223	78 446	83 878	94 394
	% of GDP	55.5	57.0	58.6	64.0
Slovenia					
GDP mp	(million SIT)	5 355 440	5 813 540	6 271 795	6 620 145
Government deficit (-) / surplus (+)	(million SIT)	-136 056	-161 074	-144 002	-92 780
	% of GDP	-2.5	-2.8	-2.3	-1.4
Government expenditure	% of GDP	48.0	48.0	47.4	47.2
Government revenue	% of GDP	45.5	45.3	45.1	45.8
Government debt	(million SIT)	1 556 350	1 654 337	1 802 683	1 854 260
	% of GDP	29.1	28.5	28.7	28.0
Slovakia					
GDP mp	(million SKK)	1 111 484	1 212 665	1 355 262	1 471 131
Government deficit (-) / surplus (+)	(million SKK)	-85 306	-45 395	-40 641	-45 995
	% of GDP	-7.7	-3.7	-3.0	-3.1
Government expenditure	% of GDP	43.3	39.4	38.9	37.1
Government revenue	% of GDP	35.7	35.6	35.9	33.9
Government debt	(million SKK)	481 328	518 291	564 106	507 428
	% of GDP	43.3	42.7	41.6	34.5
Finland					
GDP mp	(million euro)	143 974	145 938	151 935	157 377
Government deficit (-) / surplus (+)	(million euro)	+5 896	+3 650	+3 525	+4 178
	% of GDP	4.1	2.5	2.3	2.7
Government expenditure	% of GDP	48.8	50.0	50.3	50.1
Government revenue	% of GDP	52.9	52.4	52.4	52.6
Government debt	(million euro)	59 400	64 719	67 242	65 053
	% of GDP	41.3	44.3	44.3	41.3
Sweden (see annex II)					
GDP mp	(million SEK)	2 371 606	2 459 413	2 573 176	2 672 998
Government deficit (-) / surplus (+)	(million SEK)	-5 334	+2 013	+46 756	+80 604
	% of GDP	-0.2	0.1	1.8	3.0
Government expenditure	% of GDP	57.9	58.2	56.7	56.3
Government revenue	% of GDP	57.5	58.0	58.3	59.1
Government debt	(million SEK)	1 232 212	1 273 163	1 299 558	1 347 918
	% of GDP	52.0	51.8	50.5	50.4

GDP, deficit/surplus and debt in the EU (in national currencies)

		2002	2003	2004	2005
United Kingdom****					
GDP mp	(million GBP)	1 065 446	1 128 348	1 195 632	1 243 756
Government deficit (-) / surplus (+)	(million GBP)	-18 083	-37 302	-38 685	-40 776
	% of GDP	-1.7	-3.3	-3.2	-3.3
Government expenditure	% of GDP	41.2	42.8	43.1	44.0
Government revenue	% of GDP	39.6	39.6	39.9	40.9
Government debt	(million GBP)	399 997	438 863	483 439	526 990
	% of GDP	37.5	38.9	40.4	42.4
<i>Financial year (fy)</i>		<i>2002/2003</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2005/2006</i>
<i>GDP mp fy</i>	<i>(million GBP)</i>	<i>1 081 652</i>	<i>1 146 169</i>	<i>1 207 002</i>	<i>1 257 924</i>
<i>Government deficit (-) / surplus (+) fy</i>	<i>(million GBP)</i>	<i>-23 794</i>	<i>-35 692</i>	<i>-40 021</i>	<i>-37 068</i>
	<i>% of GDP</i>	<i>-2.2</i>	<i>-3.1</i>	<i>-3.3</i>	<i>-2.9</i>
<i>Government debt fy</i>	<i>(million GBP)</i>	<i>399 259</i>	<i>442 848</i>	<i>481 474</i>	<i>529 081</i>
	<i>% of GDP</i>	<i>36.9</i>	<i>38.6</i>	<i>39.9</i>	<i>42.1</i>

* Belgium has reported government expenditure and revenue data without taking into account the assumption by government in 2005 of 7 400 million euro of debt of the railway company SNCB. For consistency reasons Eurostat has adjusted these figures.

** Denmark reports government expenditure and revenue data excluding the flows related to defined-contribution funded pension schemes. However, such flows have been taken into account for the compilation of the government surplus. See annex II of this News Release. For consistency reasons Eurostat has adjusted these figures.

*** Hungary has reported government accounts, including defined-contribution funded pension schemes. Note however that in the latest Hungarian convergence programme, which was discussed by the ECOFIN Council on 10 October 2006, the defined-contribution funded pension schemes have been classified in the corporate sector, therefore anticipating the revision in accounts that will take place at the expiry of the transitory period by April 2007.

**** Data refer to calendar years. Data referring to the financial year (1 April to 31 March), which reflects specific budgetary arrangements in the United Kingdom, are shown in italics.

Annex I

Main revisions between April 2006 and October 2006 notifications

GDP

The GDP notified in October 2006 for EDP purposes was revised by small amounts compared to the GDP notified in April 2006 for the reporting period 2002-2005, most notably by **Estonia, Cyprus, Hungary** and **Malta**. Changes in GDP affect deficit and debt ratios due to a denominator effect. The revision of the GDP for **Greece** is still under investigation, owing to the exceptional size of the revision. In effect, there are high statistical uncertainties about these revised GDP data, which require a complete verification by Eurostat once Greece has delivered a fully revised inventory of the sources and methods used for the new calculations.

Below are shown country specific explanations for the largest revisions in deficit and debt between the April 2006 and October 2006 EDP notifications.

Deficit

Czech Republic: The increase in deficit for 2005 is mainly due to new information on taxes and on gross fixed capital formation.

Estonia: The decrease in surplus in 2002-2003 and the increase in surplus in 2004-2005 reflect a national accounts revision and is mainly due to new information on foreign aid and to changes in net borrowing or net lending of other central bodies and local government.

Greece: The increase in deficit in 2002-2005 is mainly due to reduction of surpluses of other central government bodies and social security funds (corrections for transfers received from the ordinary budget in 2002-2005, and change in data sources in 2005).

Luxembourg: The significant reduction in deficit in 2005 is explained by new information on taxes and some minor reclassification issues.

Hungary: The increase in deficit in 2005 is mainly due to new and updated source data.

Slovenia: The decrease in deficit in 2005 is due to a revision of the profit tax for companies and of other accrual adjustments, as well as to revised GFCF data.

Slovakia: The increase in deficit in 2005 is mainly due to the exclusion of the defined-contribution funded pension scheme outside the general government sector (-0.6% of GDP), partially compensated by better collection of taxes than estimated.

United Kingdom: The revision in deficit in 2005 is due to better estimates of central government gross fixed capital formation, resulting from the transition to a new government department reporting system.

Debt

Estonia: The increase in debt in 2002 is mainly due to the availability of new data sources, which lead to a reclassification of loans both in central and local government.

Slovenia: The decrease in debt in 2002-2005 is due to consolidation of debt (i.e. government debt held by government).

Finland: The increase in debt in 2005 is mainly due to a new estimate of the amounts consolidated (mainly central government bonds held by social security).

Annex II

Classification of funded pension schemes in case of government responsibility or guarantee

On 2 March 2004 Eurostat published a decision on classification of funded pension schemes in case of government responsibility or guarantee (News Release 30/2004). As announced on that occasion, Eurostat organised bilateral discussions with several Member States on the implementation of the decision. In the context of these discussions, it appeared that some Member States might need a transitional period to implement the decision and to avoid disruptions in the conduct of their budgetary policies. This transitional period will expire with the notification of April 2007. Therefore, all Member States will have to abide by the decision in the context of the April 2007 EDP notification at the latest. At present, **Denmark, Hungary, Poland and Sweden** have classified their defined contribution funded pension schemes inside the government sector.

By April 2007, the government deficit and debt figures in these countries will have to be revised upwards (or surplus revised downwards) by the following amounts:

Deficit / Surplus

	2002	2003	2004	2005
Denmark	1.0%	1.1%	1.0%	0.9%
Hungary	0.7%	0.9%	1.2%	1.3%
Poland	1.8%	1.6%	1.8%	1.9%
Sweden	0.9%	0.9%	1.0%	1.0%

Debt

	2002	2003	2004	2005
Denmark	1.6%	1.2%	1.2%	0.3%
Hungary	1.6%	2.2%	3.0%	3.9%
Poland	2.4%	3.2%	4.0%	5.3%
Sweden	0.7%	0.7%	0.6%	0.6%