

Provision of deficit and debt data for 2004

Euro-zone and EU25 government deficit at 2.7% and 2.6% of GDP respectively

Government debt at 70.8% and 63.4%

In 2004 the government deficit of the **euro-zone**¹ and of the **EU25** improved compared to 2003 and the government debt increased. In the **euro-zone** the government deficit decreased from 3.0% of GDP in 2003 to 2.7% in 2004², and in the **EU25** it fell from 3.0% in 2003 to 2.6% in 2004. In the **euro-zone** the government debt to GDP ratio rose from 70.4% in 2003 to 70.8% in 2004, and in the **EU25** from 63.0% to 63.4%.

In this news release **Eurostat, the Statistical Office of the European Communities**, is providing government debt and deficit³ data based on figures reported in the second 2005 notification by EU Member States for the years 2001-2004 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 revenue⁴.

It should be noted that, for three Member States in particular, Eurostat has to undertake further examination of deficit and debt data. Further explanations can be found under "Outstanding issues".

		2001	2002	2003	2004
Euro-zone	(million euro)				
GDP market prices (mp)		6 895 974	7 135 182	7 340 966	7 637 346
Government deficit (-) / surplus (+)		-128 297	-179 886	-221 082	-208 278
	% of GDP	-1.9	-2.5	-3.0	-2.7
Government expenditure	% of GDP	48.1	48.4	48.9	48.1
Government revenue	% of GDP	46.2	45.8	45.8	45.4
Government debt		4 777 253	4 935 825	5 167 144	5 406 417
	% of GDP	69.3	69.2	70.4	70.8
Primary balance	% of GDP	+2.1	+1.1	+0.4	+0.5
EU25	(million euro)				
GDP mp		9 343 470	9 687 471	9 835 248	10 303 085
Government deficit (-) / surplus (+)		-123 077	-226 140	-298 433	-269 729
	% of GDP	-1.3	-2.3	-3.0	-2.6
Government expenditure	% of GDP	47.1	47.5	48.3	47.6
Government revenue	% of GDP	45.7	45.1	45.2	45.0
Government debt		5 790 648	5 948 066	6 197 280	6 534 393
	% of GDP	62.0	61.4	63.0	63.4
Primary balance	% of GDP	+2.3	+1.0	+0.1	+0.4

In 2004 the largest government deficits in percentage of GDP were recorded by **Greece** (-6.6%), **Hungary** (-5.4%), **Malta** (-5.1%), and **Cyprus** (-4.1%). Another eight Member States recorded a government deficit over or equal to 3% of GDP: **Poland** (-3.9%), **Germany** (-3.7%), **France** (-3.6%), **Italy** (-3.2%), **Slovakia** (-3.1%), the **United Kingdom** (-3.1%), the **Czech Republic** (-3.0%) and **Portugal** (-3.0%). Six Member States continued to register a government surplus in 2004: **Denmark** (+2.3%), **Finland** (+2.1%), **Estonia** (+1.7%), **Sweden** (+1.6%), **Ireland** (+1.4%) and **Belgium** (+0.0%). In all, sixteen Member States recorded an improved public balance relative to GDP, while eight Member States registered a worsening.

In 2004, the lowest ratios of government debt to GDP were recorded in **Estonia** (5.5%), **Luxembourg** (6.6%), **Latvia** (14.7%) and **Lithuania** (19.6%). Eight Member States had a government debt ratio higher than 60% of GDP

in 2004, the same as in 2003: **Greece** (109.3%), **Italy** (106.5%), **Belgium** (95.7%), **Malta** (75.9%), **Cyprus** (72.0%), **Germany** (66.4%), **France** (65.1%) and **Austria** (64.3%).

In 2004, government expenditure in the **euro-zone** was equivalent to 48.1% of GDP, and government revenue to 45.4%. The figures for the **EU25** were 47.6% and 45.0% respectively. Between 2003 and 2004 both government expenditure and government revenue decreased relative to GDP in the **euro-zone** and **EU25**.

Outstanding issues

Eurostat has reservations⁵ on the quality of the data for the following Member States:

Czech Republic: There are ongoing discussions between Eurostat and the Czech statistical authorities on the recording in 2003 as capital transfer of the maximum amount of a guarantee provided by government related to the rescue of Investment Post Bank (IPB). As a result, the government deficit of the Czech Republic in 2003 could be lower than recorded at present.

Greece: Some pending issues remain for the recording of EU transactions, the accounts of social security and the amounts of other receivables and payables for the years 2002-2004.

Portugal: The Portuguese statistical authorities have informed Eurostat that they will investigate the nature of a dividend paid by a public corporation, Empresa de Desenvolvimento Mineiro (EDM), treated as government revenue and recorded in 2004. This might increase the deficit of general government by about 0.03% of GDP.

A clarification of these issues allowing Eurostat to withdraw these reservations is being actively sought in a dialogue with the national statistical authorities.

More generally, Eurostat intends, as soon as possible, to clarify for all Member States the rules on securitisation operations in the ESA 95 Manual on government deficit and debt. This is due to the fact that problems of interpretation of existing rules have recently appeared, especially as regards the provision of guarantees and the transfer of risk and benefits by government. Rulings may lead to a change in the data for some Member States in the March 2006 notification.

In addition, Eurostat intends also to clarify reported cases of capital injections undertaken by government between 2001 and 2004 in Germany, Italy, Poland and Portugal. Eurostat intends to settle this issue at the latest in 2006, following provision of information on such cases by Member States.

Finally Eurostat is strengthening efforts on the improvement of quality and consistency of the data provided, notably on the stock-flow adjustment. A table on the stock-flow adjustment for the euro-zone and EU25, showing the contribution of deficit/surplus and other relevant factors to the variation in the debt level, is available on the Eurostat website, under Eurostat activities / Eurostat news.

1. Euro-zone: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.
2. In the previous notification, the 2004 government deficits for the euro-zone and the EU25 were 2.7% and 2.6% of GDP respectively. The government debt of the euro-zone was 71.3% of GDP and of the EU25 63.8% of GDP. See News Release 39/2005 of 18 March 2005.
3. According to the 'Maastricht Treaty' (Protocol on the excessive deficit procedure), 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 (in nominal value). Primary surplus means the government deficit/surplus excluding interest charges (consolidated). However, interest data for Austria, Slovenia, Slovakia and Sweden are not yet consolidated.
 - Table of euro-zone and EU25 aggregates: the data are in euro. For those countries not belonging to the euro-zone from 2001 onwards, 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.
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 Commission Regulation No. 1500/2000 of 10 July 2000. It should be noted that, following an amendment to ESA95, the government balance (which may be calculated as the difference between total government revenue and expenditure) is not 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 interest payments resulting from swap agreements and forward rate agreements;
 - 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 2004, for most Member States the difference, if any, between the two balances is minor except in Finland (0.24%), Sweden (0.22%) and Denmark (0.21%). The data reported by Denmark, Austria, Slovenia, Slovakia and Sweden are not strictly comparable to those of the other countries, as they have reported interest on an unconsolidated basis, which results in overestimation of government revenue and expenditure. Data on government revenue and deficit figures reported by the UK have been adjusted by Eurostat for consistency of recording of UMTS licence proceeds.

5. The term "reservations" is used as defined in article 16 of the Proposal for Council Regulation amending Regulation (EC) No. 3605/93 as regards the quality of statistical data in the context of the excessive deficit procedure. According to this proposed Council Regulation, the Commission expresses "reservations" when it has doubts on the quality of the reported data.

*For further information on the methodology of statistics reported under the excessive deficit procedure, please see 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 EUR (excluding VAT). Recent 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 Eurostat website.*

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

		2001	2002	2003	2004
Belgium	(million euro)				
GDP mp		254 153	261 124	269 546	283 752
Government deficit (-) / surplus (+)		1 648	-32	217	5
	% of GDP	+0.6	-0.0	+0.1	+0.0
Government expenditure	% of GDP	50.0	51.1	52.1	50.3
Government revenue	% of GDP	50.6	51.0	52.1	50.2
Government debt		274 448	275 117	269 447	271 670
	% of GDP	108.0	105.4	100.0	95.7
Primary balance	% of GDP	+7.3	+6.0	+5.6	+4.9
Czech Republic	(million CZK)				
GDP mp		2 315 255	2 414 669	2 555 783	2 750 256
Government deficit (-) / surplus (+)		-137 036	-163 011	-319 523	-83 526
	% of GDP	-5.9	-6.8	-12.5	-3.0
Government expenditure	% of GDP	45.0	46.9	53.5	44.6
Government revenue	% of GDP	39.1	40.2	41.0	41.6
Government debt		608 684	719 012	941 267	1 011 522
	% of GDP	26.3	29.8	36.8	36.8
Primary balance	% of GDP	-4.8	-5.3	-11.3	-1.8
Denmark	(million DKK)				
GDP mp		1 320 339	1 349 628	1 389 136	1 447 571
Government deficit (-) / surplus (+)		34 120	18 590	14 510	33 740
	% of GDP	+2.6	+1.4	+1.0	+2.3
Government expenditure ¹	% of GDP	55.1	55.7	55.8	56.0
Government revenue ¹	% of GDP	56.3	56.0	55.5	57.1
Government debt		633 368	642 870	625 134	624 721
	% of GDP	48.0	47.6	45.0	43.2
Primary balance	% of GDP	+5.8	+4.4	+3.6	+4.7
Germany	(million euro)				
GDP mp		2 084 100	2 113 700	2 131 900	2 185 000
Government deficit (-) / surplus (+)		-59 600	-79 600	-86 600	-81 200
	% of GDP	-2.9	-3.8	-4.1	-3.7
Government expenditure	% of GDP	48.2	48.8	49.1	47.5
Government revenue	% of GDP	45.4	45.0	45.0	43.8
Government debt		1 241 500	1 293 000	1 381 000	1 451 000
	% of GDP	59.6	61.2	64.8	66.4
Primary balance	% of GDP	+0.4	-0.6	-0.9	-0.7
Estonia	(million EEK)				
GDP mp		103 126	115 360	125 721	139 773
Government deficit (-) / surplus (+)		281	1 677	3 317	2 380
	% of GDP	+0.3	+1.5	+2.6	+1.7
Government expenditure	% of GDP	37.6	37.3	37.2	36.9
Government revenue	% of GDP	37.9	38.3	39.6	38.4
Government debt		4 854	6 702	7 570	7 627
	% of GDP	4.7	5.8	6.0	5.5
Primary balance	% of GDP	+0.5	+1.7	+2.9	+2.0
Greece	(million euro)				
GDP mp		131 769	142 369	154 153	167 169
Government deficit (-) / surplus (+)		-8 010	-7 038	-8 823	-11 105
	% of GDP	-6.1	-4.9	-5.7	-6.6
Government expenditure	% of GDP	50.2	49.7	49.9	49.8
Government revenue	% of GDP	44.1	44.7	44.1	43.3
Government debt		150 695	158 885	167 722	182 702
	% of GDP	114.4	111.6	108.8	109.3
Primary balance	% of GDP	+1.2	+1.3	0.0	-0.9

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

		2001	2002	2003	2004
Spain (million euro)					
GDP mp		671 895	722 049	774 614	831 864
Government deficit (-) / surplus (+)		-3 389	-1 960	-204	-1 173
	% of GDP	-0.5	-0.3	-0.0	-0.1
Government expenditure	% of GDP	38.9	39.0	38.6	39.0
Government revenue	% of GDP	38.4	38.7	38.5	38.9
Government debt		378 265	384 289	383 015	390 556
	% of GDP	56.3	53.2	49.4	46.9
Primary balance	% of GDP	+2.6	+2.5	+2.4	+1.9
France (million euro)					
GDP mp		1 481 200	1 533 600	1 574 600	1 638 600
Government deficit (-) / surplus (+)		-23 200	-48 800	-66 300	-59 700
	% of GDP	-1.6	-3.2	-4.2	-3.6
Government expenditure	% of GDP	52.1	53.2	54.0	53.7
Government revenue	% of GDP	50.6	50.0	49.7	50.1
Government debt		840 787	901 390	995 561	1 067 000
	% of GDP	56.8	58.8	63.2	65.1
Primary balance	% of GDP	+1.5	-0.2	-1.3	-0.8
Ireland (million euro)					
GDP mp		115 305	128 774	137 158	146 386
Government deficit (-) / surplus (+)		897	-577	224	2 117
	% of GDP	+0.8	-0.4	+0.2	+1.4
Government expenditure	% of GDP	33.7	33.8	33.9	34.2
Government revenue	% of GDP	34.5	33.4	34.1	35.7
Government debt		41 353	41 778	43 183	43 622
	% of GDP	35.9	32.4	31.5	29.8
Primary balance	% of GDP	+2.3	+0.9	+1.4	+2.7
Italy (million euro)					
GDP mp		1 218 535	1 260 598	1 300 929	1 351 328
Government deficit (-) / surplus (+)		-38 741	-34 463	-41 755	-43 652
	% of GDP	-3.2	-2.7	-3.2	-3.2
Government expenditure	% of GDP	49.2	48.5	49.4	48.6
Government revenue	% of GDP	46.0	45.6	46.1	45.3
Government debt		1 351 360	1 365 007	1 389 223	1 439 755
	% of GDP	110.9	108.3	106.8	106.5
Primary balance	% of GDP	+3.4	+3.0	+2.1	+1.8
Cyprus (million CYP)					
GDP mp		6 104	6 370	6 805	7 216
Government deficit (-) / surplus (+)		-139	-284	-428	-299
	% of GDP	-2.3	-4.5	-6.3	-4.1
Government expenditure	% of GDP	38.9	40.6	45.4	44.1
Government revenue	% of GDP	36.6	36.1	39.1	39.9
Government debt		3 777	4 153	4 752	5 199
	% of GDP	61.9	65.2	69.8	72.0
Primary balance	% of GDP	+1.2	-1.3	-2.8	-0.9
Latvia (million LVL)					
GDP mp		5 168	5 689	6 318	7 359
Government deficit (-) / surplus (+)		-109	-131	-75	-70
	% of GDP	-2.1	-2.3	-1.2	-1.0
Government expenditure	% of GDP	36.2	36.1	35.0	36.1
Government revenue	% of GDP	34.1	33.8	33.8	35.2
Government debt		777	810	922	1 079
	% of GDP	15.0	14.2	14.6	14.7
Primary balance	% of GDP	-1.1	-1.5	-0.4	-0.2

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

		2001	2002	2003	2004
Lithuania	(million LTL)				
GDP mp		48 379	51 643	56 179	61 898
Government deficit (-) / surplus (+)		-962	-711	-684	-889
	% of GDP	-2.0	-1.4	-1.2	-1.4
Government expenditure	% of GDP	35.1	34.4	33.4	33.5
Government revenue	% of GDP	33.2	33.0	32.2	32.1
Government debt		11 101	11 591	12 046	12 162
	% of GDP	22.9	22.4	21.4	19.6
Primary balance	% of GDP	-0.4	0.0	+0.1	-0.4
Luxembourg	(million euro)				
GDP mp		22 020	22 805	23 956	25 664
Government deficit (-) / surplus (+)		1 337	480	49	-158
	% of GDP	+6.1	+2.1	+0.2	-0.6
Government expenditure	% of GDP	39.1	43.7	45.0	45.3
Government revenue	% of GDP	45.2	45.8	45.2	44.7
Government debt		1 467	1 559	1 608	1 693
	% of GDP	6.7	6.8	6.7	6.6
Primary balance	% of GDP	+6.4	+2.5	+0.5	-0.4
Hungary	(million HUF)				
GDP mp		14 849 800	16 740 400	18 408 800	20 338 200
Government deficit (-) / surplus (+)		-522 300	-1 420 900	-1 195 100	-1 098 000
	% of GDP	-3.5	-8.5	-6.5	-5.4
Government expenditure	% of GDP	48.5	52.6	50.4	49.9
Government revenue	% of GDP	44.9	44.1	44.0	44.5
Government debt		7 746 728	9 295 829	10 573 970	11 671 796
	% of GDP	52.2	55.5	57.4	57.4
Primary balance	% of GDP	+1.2	-4.5	-2.4	-1.1
Malta	(million MTL)				
GDP mp		1 689	1 740	1 793	1 847
Government deficit (-) / surplus (+)		-111	-100	-186	-94
	% of GDP	-6.6	-5.7	-10.4	-5.1
Government expenditure	% of GDP	44.4	45.7	50.5	48.3
Government revenue	% of GDP	37.8	39.8	39.9	43.1
Government debt		1 073	1 101	1 305	1 402
	% of GDP	63.5	63.3	72.8	75.9
Primary balance	% of GDP	-2.9	-1.8	-6.5	-1.0
Netherlands	(million euro)				
GDP mp		440 745	458 212	470 437	483 156
Government deficit (-) / surplus (+)		-1 076	-9 182	-14 908	-10 074
	% of GDP	-0.2	-2.0	-3.2	-2.1
Government expenditure	% of GDP	46.1	46.9	47.7	47.1
Government revenue	% of GDP	45.8	44.9	44.5	45.0
Government debt		227 006	234 931	247 231	256 628
	% of GDP	51.5	51.3	52.6	53.1
Primary balance	% of GDP	+3.0	+0.9	-0.4	+0.6
Austria	(million euro)				
GDP mp		213 015	217 839	224 514	234 301
Government deficit (-) / surplus (+)		207	-933	-2 663	-2 303
	% of GDP	+0.1	-0.4	-1.2	-1.0
Government expenditure	% of GDP	51.5	51.3	51.1	50.5
Government revenue	% of GDP	51.4	50.7	49.8	49.4
Government debt		142 784	145 327	146 115	150 767
	% of GDP	67.0	66.7	65.1	64.3
Primary balance	% of GDP	+3.6	+2.9	+1.9	+2.0

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

		2001	2002	2003	2004
Poland	(million PLN)				
GDP mp		760 595	781 112	816 081	885 337
Government deficit (-) / surplus (+)		-28 479	-25 838	-39 506	-34 872
	% of GDP	-3.7	-3.3	-4.8	-3.9
Government expenditure	% of GDP	44.7	45.6	45.8	44.7
Government revenue	% of GDP	40.9	42.3	40.9	40.8
Government debt		279 393	321 454	369 695	386 240
	% of GDP	36.7	41.2	45.3	43.6
Primary balance	% of GDP	-0.6	-0.4	-1.9	-1.2
Portugal	(million euro)				
GDP mp		127 769	133 828	135 822	141 115
Government deficit (-) / surplus (+)		-5 420	-3 762	-3 884	-4 229
	% of GDP	-4.2	-2.8	-2.9	-3.0
Government expenditure	% of GDP	44.9	44.7	46.2	46.5
Government revenue	% of GDP	40.6	41.8	43.3	43.5
Government debt		68 466	75 142	78 321	83 757
	% of GDP	53.6	56.1	57.7	59.4
Primary balance	% of GDP	-1.2	+0.1	-0.1	-0.3
Slovenia	(million SIT)				
GDP mp		4 761 815	5 314 494	5 747 168	6 191 161
Government deficit (-) / surplus (+)		-185 451	-141 314	-156 451	-127 746
	% of GDP	-3.9	-2.7	-2.7	-2.1
Government expenditure	% of GDP	49.0	48.4	48.5	47.9
Government revenue	% of GDP	45.1	45.7	45.8	45.8
Government debt		1 352 233	1 583 714	1 689 971	1 842 058
	% of GDP	28.4	29.8	29.4	29.8
Primary balance	% of GDP	-1.4	-0.2	-0.6	-0.2
Slovakia	(million SKK)				
GDP mp		1 012 625	1 100 639	1 202 687	1 328 618
Government deficit (-) / surplus (+)		-66 432	-85 310	-45 394	-41 776
	% of GDP	-6.6	-7.8	-3.8	-3.1
Government expenditure	% of GDP	43.6	43.7	39.7	40.5
Government revenue	% of GDP	37.1	36.0	35.9	37.3
Government debt		498 707	481 328	518 291	564 106
	% of GDP	49.2	43.7	43.1	42.5
Primary balance	% of GDP	-2.5	-4.1	-1.2	-0.9
Finland	(million euro)				
GDP mp		135 468	140 284	143 337	149 012
Government deficit (-) / surplus (+)		7 049	5 981	3 565	3 194
	% of GDP	+5.2	+4.3	+2.5	+2.1
Government expenditure	% of GDP	49.2	50.0	51.1	51.3
Government revenue	% of GDP	54.4	54.3	53.4	53.2
Government debt		59 122	59 400	64 719	67 266
	% of GDP	43.6	42.3	45.2	45.1
Primary balance	% of GDP	+8.0	+6.5	+4.3	+3.8
Sweden	(million SEK)				
GDP mp		2 269 100	2 352 900	2 438 400	2 545 800
Government deficit (-) / surplus (+)		57 100	-6 800	3 700	40 800
	% of GDP	+2.5	-0.3	+0.2	+1.6
Government expenditure	% of GDP	57.0	58.4	58.7	57.3
Government revenue	% of GDP	59.5	57.8	58.6	58.7
Government debt		1 232 100	1 233 900	1 268 000	1 300 400
	% of GDP	54.3	52.4	52.0	51.1
Primary balance	% of GDP	+5.7	+2.8	+2.3	+3.4

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

		2001	2002	2003	2004
United Kingdom²	(million GBP)				
GDP mp		996 758	1 048 456	1 105 919	1 164 439
Government deficit (-) / surplus (+)		7 234	-16 658	-36 640	-36 139
	% of GDP	+0.7	-1.6	-3.3	-3.1
Government expenditure	% of GDP	40.8	41.6	43.2	43.7
Government revenue	% of GDP	41.7	40.1	40.0	40.7
Government debt		385 324	400 303	438 648	482 697
	% of GDP	38.7	38.2	39.7	41.5
Primary balance	% of GDP	+3.1	+0.5	-1.3	-1.1
<i>Memo: financial year (fy)</i>					
<i>GDP mp fy</i>		<i>1 006 523</i>	<i>1 062 954</i>	<i>1 121 488</i>	<i>1 175 820</i>
<i>Government deficit (-) / surplus (+) fy</i>		<i>-626</i>	<i>-23 008</i>	<i>-35 773</i>	<i>-37 745</i>
	% of GDP	<i>-0.1</i>	<i>-2.2</i>	<i>-3.2</i>	<i>-3.2</i>
<i>Government debt fy</i>		<i>380 510</i>	<i>399 343</i>	<i>442 492</i>	<i>480 290</i>
	% of GDP	<i>37.8</i>	<i>37.6</i>	<i>39.5</i>	<i>40.8</i>
<i>Primary balance fy</i>	% of GDP	<i>+2.2</i>	<i>-0.1</i>	<i>-1.2</i>	<i>-1.1</i>

1. Denmark reports as government expenditure and revenue in table 2 of the annual national accounts transmission programme data excluding the flows related to defined contribution funded pension schemes. See also annex 2 of this News Release.

2. Data refer to calendar years. Data referring to financial year (1 April to 31 March) that reflects specific budgetary arrangements in the United Kingdom are shown in italics as memorandum items. Both calendar year and financial year reported data have been adjusted by Eurostat to record all the UMTS licence proceeds in 2000 (financial year 2000/2001), according to Eurostat's decision (News Release 81/2000 of 14 July 2000); as a consequence of this adjustment, the UK government surplus was increased by GBP 21 932 million (2.3% of GDP) in 2000 (GBP 21 671 million in financial year 2000/2001) and decreased by GBP 1 044 million (-0.1% of GDP) in 2001 (2001/2002). The deficit in 2002 (2002/2003) and 2004 (2004/2005) was increased by GBP 1 044 million (-0.1% of GDP), and in 2003 (2003/2004) by GBP 1 045 million (-0.1% of GDP).

Annex I

Main revisions between March and September 2005 EDP notifications

Some national statistical institutes have carried out a main revision in their national accounts in 2005, with the effect of changing both source data for compiling government deficit and debt, as well as estimates of GDP. From the March 2005 to the September 2005 notifications, revisions in GDP have been substantial across the 2001-2004 reporting period, notably for **Denmark, Germany, Estonia, Greece, Spain, France, Malta, the Netherlands and Portugal**, which have affected deficit ratios and, especially, debt ratios.

The GDP to be notified in September 2005 for EDP purposes is GDP without "allocation" of FISIM (Financial Intermediation Services Indirectly Measured), whilst some national institutes may already publish GDP with "allocation" of FISIM. FISIM allocation generally increases GDP, but has no effect on deficit and debt.

Below are shown country specific explanations for the largest revisions in deficit and debt between the March and September 2005 EDP notifications.

Deficit

Czech Republic: The increase of government deficit in 2003 is mainly due to the exclusion of exceptional dividends of Czech Telecom paid to government, and to the revision of the accounts of the Czech Railway Transport Administration (SZDC).

Greece: The increase of government deficit between 2001 and 2004 is mainly due to the corrections related to the recording of EU funds and to the liabilities of hospitals.

Lithuania: The decrease of government deficit in 2003 and 2004 is mainly due to a change in the recording of restitutions by government of lost savings and real estate.

Luxembourg: The decrease of government deficit in 2004 is mainly due to more complete information on tax revenues and on the profits and losses of state entities not part of central government.

Hungary: The increase of government deficit in 2004 is mainly due to the recording of the 13th month salary of government employees in 2004.

Poland: The decrease of government deficit in 2004 is mainly due to the revision of the way other accounts receivable, including receivables related to taxes, and payable are compiled, and to new information on the accounts of other central government units.

Slovenia: The increase in government deficit for 2001 is mainly due to the change in the recording of claims in the framework of the Restitution Fund. In the case of 2003, the increase in deficit is due to the exclusion of the exceptional dividend paid to government by the Agency of Payments as government revenue, and to the revision of amounts included as other accounts payable and receivable.

Slovakia: The increase of government deficit for 2002 is mainly due to the inclusion of cancellation of foreign claims and in 2001 to improvements in the implementation of the accrual principle.

Debt

Czech Republic: The decrease in debt is due to the exclusion of the debt to CSOB (Czechoslovak Commercial Bank) from government accounts and to a revision of debt of local government.

Slovakia: The change in debt over the reporting period is due to the recognition of the debt of Slovenska Inkasna, a unit classified in general government, to CSOB (Czechoslovak Commercial Bank).

Germany: The increase in debt over the reporting period is due to the recognition as government borrowing of payments by Kreditanstalt für Wiederaufbau (KfW) to government, in the context of privatisation operations, pending the actual sale of shares on the market by KfW.

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 March 2007. Therefore, all Member States will have to abide by the decision in the context of the March 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.

Until the expiry of the transitional period, the inclusion of the above pension schemes in general government will reduce the deficit or increase the surplus of general government and it will decrease the debt of general government. In the September 2005 EDP notification, the impact for the Member States concerned is, in percentage of GDP:

Deficit / Surplus

	2001	2002	2003	2004
Denmark	1.1%	1.0%	1.0%	1.1%
Hungary	0.7%	0.7%	0.9%	1.1%
Poland	1.5%	1.9%	1.6%	1.9%
Sweden	0.9%	0.9%	0.9%	1.0%

Debt

	2001	2002	2003	2004
Denmark	1.4%	1.6%	1.3%	1.2%
Hungary	1.4%	1.7%	2.3%	3.1%
Poland	1.8%	2.5%	3.3%	4.2%
Sweden	0.0%	0.7%	0.7%	0.6%