

## Provision of deficit and debt data for 2005

# Euro-zone and EU25 government deficit fall to 2.4% and 2.3% of GDP respectively

## Government debt at 70.8% and 63.4%

In 2005 the government deficit<sup>1</sup> of the **euro-zone**<sup>2</sup> and of the **EU25** fell compared to 2004 while the government debt<sup>1</sup> increased. In the **euro-zone** the government deficit decreased from 2.8% of GDP in 2004<sup>3</sup> to 2.4% in 2005, and in the **EU25** it fell from 2.6% to 2.3%. In the **euro-zone** 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 63.4%.

It should be noted that, for **Belgium** and **Greece**, Eurostat has to undertake further examination of deficit and debt data. Further explanations can be found below.

		2002	2003	2004	2005
<b>Euro-zone</b>					
GDP market prices (mp)	(million euro)	7 248 715	7 455 906	7 753 484	7 991 277
Government deficit (-) / surplus (+)	(million euro)	-182 843	-226 498	-213 268	-188 518
	% of GDP	-2.5	-3.0	-2.8	-2.4
Government expenditure	% of GDP	47.7	48.2	47.5	47.5
Government revenue	% of GDP	45.1	45.1	44.7	45.1
Government debt	(million euro)	4 938 669	5 168 842	5 410 264	5 654 588
	% of GDP	68.1	69.3	69.8	70.8
<b>EU25</b>					
GDP mp	(million euro)	9 842 110	9 989 761	10 464 313	10 839 380
Government deficit (-) / surplus (+)	(million euro)	-229 641	-299 554	-277 165	-251 326
	% of GDP	-2.3	-3.0	-2.6	-2.3
Government expenditure	% of GDP	46.8	47.5	47.0	47.2
Government revenue	% of GDP	44.4	44.5	44.3	44.9
Government debt	(million euro)	5 950 191	6 194 500	6 533 165	6 867 945
	% of GDP	60.5	62.0	62.4	63.4

In 2005 the largest government deficits in percentage of GDP were recorded by **Hungary** (-6.1%), **Portugal** (-6.0%), **Greece** (-4.5%) and **Italy** (-4.1%). Another three Member States recorded a government deficit of more than 3% of GDP: the **United Kingdom** (-3.6%), **Germany** (-3.3%) and **Malta** (-3.3%). Eight Member States registered a government surplus in 2005: **Denmark** (+4.9%), **Sweden** (+2.9%), **Finland** (+2.6%), **Estonia** (+1.6%), **Spain** (+1.1%), **Ireland** (+1.0%), **Latvia** (+0.2%) and **Belgium** (+0.1%). In all, eighteen Member States recorded an improved government balance relative to GDP, while seven Member States registered a worsening.

In 2005, the lowest ratios of government debt to GDP were recorded in **Estonia** (4.8%), **Luxembourg** (6.2%), **Latvia** (11.9%) and **Lithuania** (18.7%). Nine Member States had a government debt ratio higher than 60% of GDP in 2005: **Greece** (107.5%), **Italy** (106.4%), **Belgium** (93.3%), **Malta** (74.7%), **Cyprus** (70.3%), **Germany** (67.7%), **France** (66.8%), **Portugal** (63.9%) and **Austria** (62.9%).

In 2005, government expenditure<sup>4</sup> in the **euro-zone** was equivalent to 47.5% of GDP, and government revenue<sup>4</sup> to 45.1%. The figures for the **EU25** were 47.2% and 44.9% respectively. Between 2004 and 2005 the government expenditure ratio in the **euro-zone** stayed the same whereas the government revenue ratio increased.

## Reservations on reported data<sup>5</sup>

**Belgium:** Eurostat considers that the assumption by government in 2005 of 7400 million euro of the debt of the railway company SNCB must result, according to ESA95 rules, in a capital transfer from government to SNCB, with an impact on the government deficit by the same amount (equal to 2.5% of GDP). However, the Belgian statistical authorities have informed Eurostat of the intention of the Belgian government to introduce legislation to retroactively annul this operation. The accounting consequences of this must be clarified before the next EDP notification in October 2006.

**Greece:** Despite the recent improvement in the statistical processes and good co-operation between Eurostat and the national statistical authorities of Greece, issues remain related to the Greek government accounts of a structural and systemic nature. Eurostat will undertake a methodological visit<sup>6</sup> in the coming weeks in order to clarify the pending issues (see also Eurostat News Release 120/2005 of 26 September 2005).

Eurostat has withdrawn the reservations in the September 2005 notification (Eurostat News Release 120/2005 of 26 September 2005) concerning the **Czech Republic** and **Portugal**.

## Amendments to reported data<sup>7</sup>

**France:** Eurostat has amended the deficit data notified by France for the year 2005, due to a reclassification as a capital transfer of a capital injection in the railway company SNCF, by an amount of 250 million euro (0.01% of GDP). There is no change in the reported debt figures.

**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.

## Other outstanding issues

Eurostat will clarify several undocumented capital injections reported by some Member States.

Eurostat will also clarify the accounting treatment, in a number of Member States, 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 Eurostat decisions on "The treatment of transfers from the EU budget to Member States" of 15 February 2005 and on "The recording of military equipment expenditure" of 9 February 2006 do not appear to have been applied correctly by a number of Member States. Eurostat will clarify this issue in the coming months.

## Background

In this news release **Eurostat, the Statistical Office of the European Communities**, is providing government debt and deficit data based on figures reported in the first 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 contribution of deficit/surplus and other relevant factors to the variation in the debt level (stock-flow adjustment), as well as the underlying government sector accounts, on its website, under Activities / Eurostat news, in the coming days:

([http://epp.eurostat.cec.eu.int/pls/portal/url/page/PGP\\_DS\\_GFS/PGE\\_DS\\_GFS\\_0](http://epp.eurostat.cec.eu.int/pls/portal/url/page/PGP_DS_GFS/PGE_DS_GFS_0)).

1. 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). Interest data for Slovenia 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, 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-zone: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.
3. 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 70.8% of GDP and of the EU25 63.4% of GDP. See News Release 120/2005 of 26 September 2005.

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 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 2005, for most Member States the difference, if any, between the two balances is minor except in Sweden (0.33%), Denmark (0.21%), Finland (0.19%), Greece (0.18%), Italy (0.15%), Belgium (0.13%) and Austria (0.10%). The data reported by Slovenia and Sweden are not strictly comparable to those of the other countries, as they have reported interest on an unconsolidated basis, which results in an overestimation of government revenue and expenditure.
5. The term "reservations" is used as defined in article 8h(1) of Council Regulation 3605/93, as amended. According to the Council Regulation, the Commission (Eurostat) expresses "reservations" when it has doubts on the quality of the reported data.
6. According to Article 8d(1) of Council Regulation 3605/93 as amended, the Commission (Eurostat) shall organise methodological visits in cases 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.
7. 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 requirements of Article 8a(1).

*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)

		2002	2003	2004	2005
<b>Belgium</b>					
GDP mp	(million euro)	267 578	274 582	288 089	298 180
Government deficit (-) / surplus (+)	(million euro)	-32	217	5	222
	% of GDP	-0.0	0.1	0.0	0.1
Government expenditure	% of GDP	49.8	51.1	49.5	50.1
Government revenue	% of GDP	49.8	51.2	49.4	50.1
Government debt	(million euro)	276 164	270 552	272 874	278 231
	% of GDP	103.2	98.5	94.7	93.3
<b>Czech Republic</b>					
GDP mp	(million CZK)	2 442 172	2 581 258	2 790 326	2 956 125
Government deficit (-) / surplus (+)	(million CZK)	-166 787	-170 558	-79 869	-76 695
	% of GDP	-6.8	-6.6	-2.9	-2.6
Government expenditure	% of GDP	46.7	47.2	44.2	43.7
Government revenue	% of GDP	39.9	40.7	41.4	41.1
Government debt	(million CZK)	702 324	774 989	855 102	901 330
	% of GDP	28.8	30.0	30.6	30.5
<b>Denmark</b>					
GDP mp	(million DKK)	1 372 738	1 409 163	1 467 312	1 555 134
Government deficit (-) / surplus (+)	(million DKK)	15 848	14 536	39 723	75 545
	% of GDP	1.2	1.0	2.7	4.9
Government expenditure*	% of GDP	55.2	55.3	55.1	53.1
Government revenue*	% of GDP	55.4	55.2	56.8	57.1
Government debt	(million DKK)	643 095	625 249	624 862	556 442
	% of GDP	46.8	44.4	42.6	35.8
<b>Germany</b>					
GDP mp	(million euro)	2 145 000	2 163 400	2 215 700	2 245 500
Government deficit (-) / surplus (+)	(million euro)	-79 600	-86 500	-81 200	-74 300
	% of GDP	-3.7	-4.0	-3.7	-3.3
Government expenditure	% of GDP	48.1	48.4	46.8	46.7
Government revenue	% of GDP	44.3	44.4	43.2	43.4
Government debt	(million euro)	1 293 000	1 381 000	1 451 000	1 520 700
	% of GDP	60.3	63.8	65.5	67.7
<b>Estonia</b>					
GDP mp	(million EEK)	116 915	127 334	141 493	164 918
Government deficit (-) / surplus (+)	(million EEK)	1 205	3 019	2 140	2 627
	% of GDP	1.0	2.4	1.5	1.6
Government expenditure	% of GDP	36.8	36.7	36.4	35.9
Government revenue	% of GDP	37.8	39.1	37.9	37.5
Government debt	(million EEK)	6 468	7 588	7 606	7 895
	% of GDP	5.5	6.0	5.4	4.8
<b>Greece</b>					
GDP mp	(million euro)	143 482	155 543	168 417	181 088
Government deficit (-) / surplus (+)	(million euro)	-7 074	-8 965	-11 681	-8 222
	% of GDP	-4.9	-5.8	-6.9	-4.5
Government expenditure	% of GDP	49.0	49.0	48.8	46.2
Government revenue	% of GDP	43.9	43.2	42.0	41.8
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
<b>Spain</b>					
GDP mp	(million euro)	729 021	780 550	837 316	904 323
Government deficit (-) / surplus (+)	(million euro)	-1 960	-204	-1 173	9 933
	% of GDP	-0.3	-0.0	-0.1	1.1
Government expenditure	% of GDP	38.7	38.3	38.8	38.2
Government revenue	% of GDP	38.4	38.3	38.7	39.3
Government debt	(million euro)	383 079	381 464	388 495	390 277
	% of GDP	52.5	48.9	46.4	43.2
<b>France</b>					
GDP mp	(million euro)	1 548 555	1 594 814	1 659 020	1 705 044
Government deficit (-) / surplus (+)	(million euro)	-48 785	-66 555	-60 564	-49 183
	% of GDP	-3.2	-4.2	-3.7	-2.9
Government expenditure	% of GDP	52.6	53.4	53.2	53.9
Government revenue	% of GDP	49.5	49.2	49.6	51.0
Government debt	(million euro)	901 837	994 527	1 069 165	1 138 438
	% of GDP	58.2	62.4	64.4	66.8
<b>Ireland</b>					
GDP mp	(million euro)	130 515	139 097	148 556	160 322
Government deficit (-) / surplus (+)	(million euro)	-547	239	2 288	1 624
	% of GDP	-0.4	0.2	1.5	1.0
Government expenditure	% of GDP	33.4	33.4	33.7	34.5
Government revenue	% of GDP	33.0	33.6	35.2	35.5
Government debt	(million euro)	41 853	43 252	43 743	44 194
	% of GDP	32.1	31.1	29.4	27.6
<b>Italy</b>					
GDP mp	(million euro)	1 295 226	1 335 458	1 388 871	1 417 241
Government deficit (-) / surplus (+)	(million euro)	-37 085	-46 036	-47 652	-58 174
	% of GDP	-2.9	-3.4	-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)	1 366 998	1 392 112	1 441 879	1 507 556
	% of GDP	105.5	104.2	103.8	106.4
<b>Cyprus</b>					
GDP mp	(million CYP)	6 370	6 815	7 254	7 740
Government deficit (-) / surplus (+)	(million CYP)	-284	-428	-299	-186
	% of GDP	-4.5	-6.3	-4.1	-2.4
Government expenditure	% of GDP	40.6	45.3	43.8	44.7
Government revenue	% of GDP	36.1	39.1	39.7	42.3
Government debt	(million CYP)	4 153	4 752	5 199	5 443
	% of GDP	65.2	69.7	71.7	70.3
<b>Latvia</b>					
GDP mp	(million LVL)	5 758	6 393	7 414	8 904
Government deficit (-) / surplus (+)	(million LVL)	-131	-75	-70	15
	% of GDP	-2.3	-1.2	-0.9	0.2
Government expenditure	% of GDP	35.6	34.6	35.9	36.2
Government revenue	% of GDP	33.4	33.5	34.9	36.4
Government debt	(million LVL)	775	923	1 080	1 064
	% of GDP	13.5	14.4	14.6	11.9

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

		2002	2003	2004	2005
<b>Lithuania</b>					
GDP mp	(million LTL)	51 948	56 772	62 440	71 084
Government deficit (-) / surplus (+)	(million LTL)	-711	-693	-921	-372
	% of GDP	-1.4	-1.2	-1.5	-0.5
Government expenditure	% of GDP	34.3	33.2	33.4	33.7
Government revenue	% of GDP	32.9	31.9	31.9	33.1
Government debt	(million LTL)	11 591	12 046	12 162	13 310
	% of GDP	22.3	21.2	19.5	18.7
<b>Luxembourg</b>					
GDP mp	(million euro)	24 028	25 684	27 056	28 623
Government deficit (-) / surplus (+)	(million euro)	477	47	-309	-552
	% of GDP	2.0	0.2	-1.1	-1.9
Government expenditure	% of GDP	41.4	42.1	43.2	44.3
Government revenue	% of GDP	43.4	42.2	42.1	42.4
Government debt	(million euro)	1 570	1 625	1 782	1 774
	% of GDP	6.5	6.3	6.6	6.2
<b>Hungary</b>					
GDP mp	(million HUF)	16 915 000	18 651 000	20 413 000	21 785 000
Government deficit (-) / surplus (+)	(million HUF)	-1 416 000	-1 196 300	-1 098 900	-1 334 100
	% of GDP	-8.4	-6.4	-5.4	-6.1
Government expenditure	% of GDP	52.0	49.8	49.5	50.7
Government revenue	% of GDP	43.7	43.4	44.1	44.5
Government debt	(million HUF)	9 295 829	10 570 770	11 665 411	12 712 240
	% of GDP	55.0	56.7	57.1	58.4
<b>Malta</b>					
GDP mp	(million MTL)	1 797	1 829	1 830	1 927
Government deficit (-) / surplus (+)	(million MTL)	-100	-186	-94	-64
	% of GDP	-5.6	-10.2	-5.1	-3.3
Government expenditure	% of GDP	44.3	49.4	48.5	47.5
Government revenue	% of GDP	38.7	39.2	43.4	44.2
Government debt	(million MTL)	1 101	1 305	1 395	1 440
	% of GDP	61.2	71.3	76.2	74.7
<b>Netherlands</b>					
GDP mp	(million euro)	465 214	476 349	488 642	501 921
Government deficit (-) / surplus (+)	(million euro)	-9 182	-14 908	-9 283	-1 355
	% of GDP	-2.0	-3.1	-1.9	-0.3
Government expenditure	% of GDP	46.2	47.1	46.6	45.7
Government revenue	% of GDP	44.2	43.9	44.5	45.4
Government debt	(million euro)	235 079	247 352	256 924	265 727
	% of GDP	50.5	51.9	52.6	52.9
<b>Austria</b>					
GDP mp	(million euro)	220 688	226 968	237 039	246 466
Government deficit (-) / surplus (+)	(million euro)	-1 087	-3 483	-2 658	-3 738
	% of GDP	-0.5	-1.5	-1.1	-1.5
Government expenditure	% of GDP	50.7	50.9	50.0	49.6
Government revenue	% of GDP	50.0	49.2	48.8	48.0
Government debt	(million euro)	145 591	146 083	150 649	155 142
	% of GDP	66.0	64.4	63.6	62.9

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

		2002	2003	2004	2005
<b>Poland</b>					
GDP mp	(million PLN)	807 860	842 120	922 157	967 693
Government deficit (-) / surplus (+)	(million PLN)	-25 602	-39 625	-35 918	-23 953
	% of GDP	-3.2	-4.7	-3.9	-2.5
Government expenditure	% of GDP	44.2	44.6	42.5	43.3
Government revenue	% of GDP	41.0	39.9	38.6	40.8
Government debt	(million PLN)	321 446	369 786	386 303	411 432
	% of GDP	39.8	43.9	41.9	42.5
<b>Portugal</b>					
GDP mp	(million euro)	135 434	137 523	142 843	147 249
Government deficit (-) / surplus (+)	(million euro)	-3 864	-4 000	-4 565	-8 867
	% of GDP	-2.9	-2.9	-3.2	-6.0
Government expenditure	% of GDP	44.3	45.9	46.4	47.8
Government revenue	% of GDP	41.4	42.9	43.2	41.8
Government debt	(million euro)	75 211	78 433	83 781	94 071
	% of GDP	55.5	57.0	58.7	63.9
<b>Slovenia</b>					
GDP mp	(million SIT)	5 355 440	5 813 540	6 251 244	6 557 698
Government deficit (-) / surplus (+)	(million SIT)	-143 508	-165 684	-145 157	-115 447
	% of GDP	-2.7	-2.8	-2.3	-1.8
Government expenditure	% of GDP	48.0	48.1	47.6	47.3
Government revenue	% of GDP	45.4	45.2	45.3	45.5
Government debt	(million SIT)	1 591 973	1 694 581	1 845 381	1 906 860
	% of GDP	29.7	29.1	29.5	29.1
<b>Slovakia</b>					
GDP mp	(million SKK)	1 111 484	1 212 665	1 355 262	1 472 103
Government deficit (-) / surplus (+)	(million SKK)	-85 306	-45 395	-40 641	-42 465
	% of GDP	-7.7	-3.7	-3.0	-2.9
Government expenditure	% of GDP	43.3	39.4	38.9	36.8
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
<b>Finland</b>					
GDP mp	(million euro)	143 974	145 938	151 935	155 320
Government deficit (-) / surplus (+)	(million euro)	5 896	3 650	3 525	4 094
	% of GDP	4.1	2.5	2.3	2.6
Government expenditure	% of GDP	48.8	50.0	50.3	50.7
Government revenue	% of GDP	52.9	52.4	52.4	53.1
Government debt	(million euro)	59 400	64 719	67 270	63 812
	% of GDP	41.3	44.3	44.3	41.1
<b>Sweden</b>					
GDP mp	(million SEK)	2 371 606	2 459 413	2 573 176	2 673 064
Government deficit (-) / surplus (+)	(million SEK)	-5 334	2 013	46 756	77 424
	% of GDP	-0.2	0.1	1.8	2.9
Government expenditure	% of GDP	57.9	58.2	56.7	56.4
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	1 345 494
	% of GDP	52.0	51.8	50.5	50.3

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

		2002	2003	2004	2005
<b>United Kingdom**</b>					
GDP mp	(million GBP)	1 065 138	1 123 831	1 183 752	1 228 434
Government deficit (-) / surplus (+)	(million GBP)	-16 817	-36 715	-38 660	-44 727
	% of GDP	-1.6	-3.3	-3.3	-3.6
Government expenditure	% of GDP	40.9	42.5	43.2	44.8
Government revenue	% of GDP	39.4	39.3	40.0	41.3
Government debt	(million GBP)	400 303	438 676	482 801	525 919
	% of GDP	37.6	39.0	40.8	42.8
<i>Financial year (fy)</i>					
<i>GDP mp fy</i>	<i>(million GBP)</i>	<i>1 021 419</i>	<i>1 080 511</i>	<i>1 138 277</i>	<i>1 196 152</i>
<i>Government deficit (-) / surplus (+) fy</i>	<i>(million GBP)</i>	<i>-564</i>	<i>-23 244</i>	<i>-35 914</i>	<i>-39 535</i>
	<i>% of GDP</i>	<i>-0.1</i>	<i>-2.2</i>	<i>-3.2</i>	<i>-3.3</i>
<i>Government debt fy</i>	<i>(million GBP)</i>	<i>380 510</i>	<i>399 343</i>	<i>442 534</i>	<i>480 414</i>
	<i>% of GDP</i>	<i>37.3</i>	<i>37.0</i>	<i>38.9</i>	<i>40.2</i>

\* 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 II of this News Release.

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



## Annex I

### Main revisions between September 2005 and April 2006 EDP notifications

The GDP notified in April 2006 for EDP purposes is the GDP with "allocation" of FISIM (Financial Intermediation Services Indirectly Measured), while in September 2005 the notified GDP was without "allocation" of FISIM. However, Cyprus reported GDP without FISIM allocated also in April 2006. 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 September 2005 and April 2006 EDP notifications.

#### Deficit

**Czech Republic:** The significant reduction in the deficit for 2003 is mainly due to exclusion of "the maximum amount" of the guarantee (160bn CZK; 6.2% of GDP) for the Investment and Post Bank (Investiční a Poštovní banka) from the deficit.

**Denmark:** The increase in the surplus for 2004 is due to updated source data on taxes and current transfers.

**Estonia:** The reduction in the surplus for 2002-2004 is mainly due to methodological changes and to the use of different source data.

**Greece:** The increase in the deficit in 2004 is mainly due to a change in the working balance of the state budget and to the downward revision of the surplus of the social security funds.

**Italy:** The increase in deficits over 2002-2004 are related to benchmark revisions in national accounts and to updates of data sources, such as a downward revision of tax collection commissions on lotteries, a downward revision of the amounts obtained from tax amnesties and higher amounts of compensation of employees of government than previously estimated.

**Luxembourg:** The increase in deficit for 2004 is mainly due to VAT repayments by government.

**Austria:** The increase in the deficit for 2003 is largely caused by the reclassification of certain loans from state governments (Länder) to hospitals as capital transfers. This also increases the government deficit in the years 2002 and 2004, although to a lesser extent.

**Portugal:** The increase in the deficit for 2004 largely arises from new information on government transactions, notably at the level of local government, and from the reclassification of loans as capital transfers.

**Slovenia:** The increase in the deficit for 2004 is due to acquisitions of equities reclassified as capital transfers, to higher interest expenditure of the Restitution Fund and to revision of data in gross fixed capital formation and VAT.

**Finland:** The increase in surplus for 2004 is due to updated source data.

**Sweden:** The increase in the surplus for 2004 is mainly due to updated source data on taxes for central government and on intermediate consumption for local government.

**United Kingdom:** The increase in the deficit for 2004 is due to updated source data on tax receipts and expenditure, resulting from new information on tax accruals.

#### Debt

**Belgium:** The increase in debt over 2002-2004 is due to the reclassification of regional transport companies inside the general government sector.

**Czech Republic:** The significant decrease in debt from 2003 onwards is due to the exclusion of "the maximum amount" of the guarantee (160bn CZK; 6.2% of GDP) for the Investment and Post Bank (Investiční a Poštovní banka) from the debt of government. The decrease in debt in 2002 is due to the inclusion of new information on repayments of debt originating in 1998.

**Latvia:** The decrease in the debt for 2002 is due to changes in data sources.

**Malta:** The decrease in debt for 2004 is due to improved consolidation within the central government sub-sector and updated source data for extra budgetary units.

## 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, Slovakia 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 April 2006 EDP notification, the impact for the Member States concerned is, in percentage of GDP:

#### Deficit / Surplus

	2002	2003	2004	2005
<b>Denmark</b>	1.0%	1.1%	1.0%	0.9%
<b>Hungary</b>	0.7%	0.9%	1.2%	1.4%
<b>Poland</b>	1.8%	1.6%	1.8%	1.9%
<b>Slovakia</b>	-	-	-	0.6%
<b>Sweden</b>	0.9%	0.9%	1.0%	1.0%

#### Debt

	2002	2003	2004	2005
<b>Denmark</b>	1.6%	1.2%	1.2%	0.4%
<b>Hungary</b>	1.6%	2.2%	3.1%	4.0%
<b>Poland</b>	2.4%	3.2%	4.0%	5.4%
<b>Slovakia</b>	-	-	-	0.0%
<b>Sweden</b>	0.7%	0.7%	0.6%	0.6%