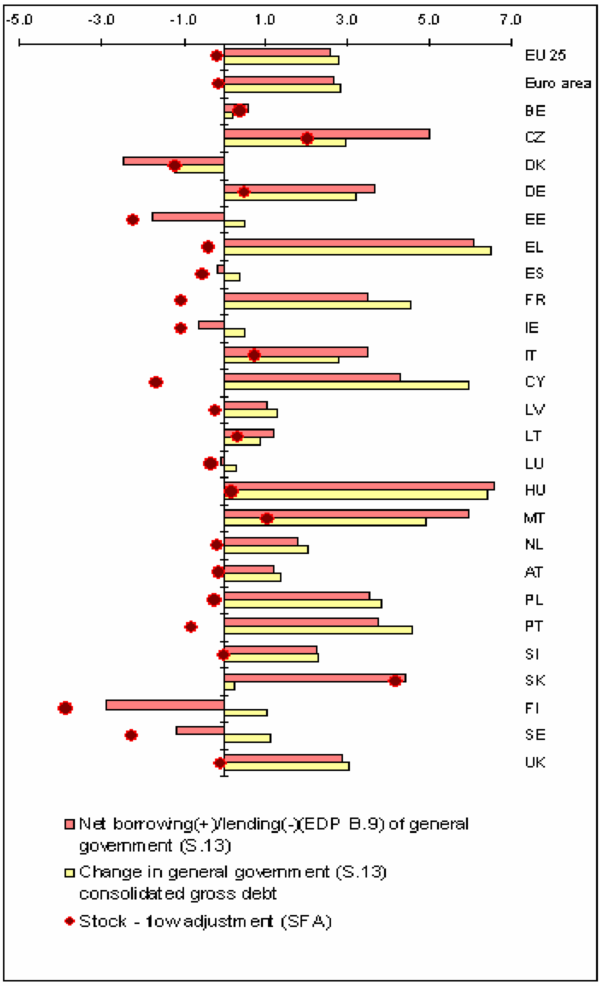
Stock-flow adjustment in government accounts

The main factors contributing to changes in government debt other than government deficits/surpluses (the so-called stock-flow adjustment) are closely monitored by Eurostat

The so-called stock-flow adjustment (SFA) is the difference between the change in government debt and the government deficit/surplus for a given period. Although SFAs generally have legitimate explanations, they are closely monitored by Eurostat in the framework of quality checks of data for the excessive deficit procedure (EDP)[1], to ensure consistency across the reported data. Figure 1 shows for each Member State the 2002-2005 average SFA, together with government deficit/surplus (reversed sign) and change in government debt, expressed in percent of GDP. The main purpose of this publication is to introduce the elements of SFA, and to provide an analysis of their patterns and trends. This publication also contains country-specific comments.

Figure 1: Government deficit (reversed sign), Maastricht debt, and stock-flow adjustment as % of GDP: 2002-2005 averages



[1] *Council Regulation 3605/93, as amended, established the EU budgetary surveillance procedures, including deficit and debt definitions. Data under the Excessive Deficit Procedure are sent by Member States to Eurostat. For definitions of government deficit and debt and of consolidation, see the Methodological Annex.*

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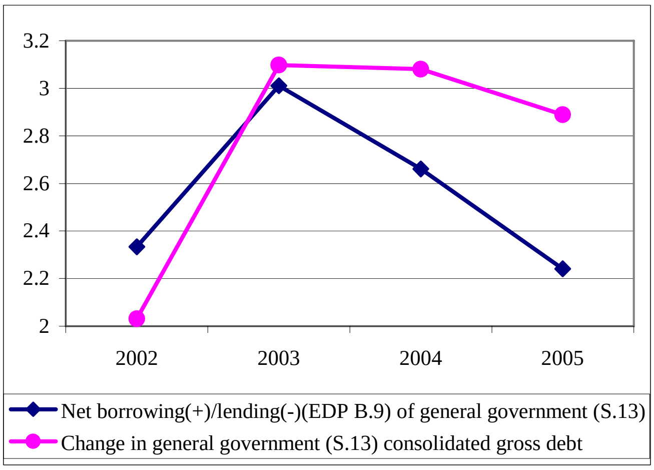
Introduction

The stock-flow adjustment (SFA) is the difference between the change in the stock of government debt and the flow of annual deficit/surplus. It is widely known that deficits contribute to the increase in debt levels, while surpluses reduce them. However, as Figure 1 shows, the change in government debt also reflects other elements. A positive SFA means that the government debt increases more than the annual deficit (or decreases less than implied by the surplus). On the contrary, a negative SFA means that the government debt increases less than the annual deficit (or decreases faster than implied by the surplus).

The importance of the SFA has been emphasized many times, as statistical monitoring of fiscal performance requires understanding the coherence between the two key fiscal indicators, the government deficit and debt. It has been argued that since great attention is paid to the deficit under the EU multilateral fiscal surveillance (EDP and Stability and Growth Pact), governments may have an incentive in underreporting their deficits by reporting transactions under the SFA. Some SFA items, such as Shares and other equity, Other financial assets, Net incurrence of other liabilities and Statistical discrepancies, among others, are known to be used to facilitate hiding deficits, and are thus closely monitored by Eurostat. However, SFAs generally have legitimate explanations.

Figure 2: Evolution of change in debt and annual deficit in EU-25 in percent of GDP



As Figure 2 shows, whilst the aggregate deficit of Member States has been decreasing since 2003, the change in government debt level remained stable in 2004 and started only to slightly decrease in 2005. The level of the SFA reached +0.6% of GDP for EU-25 in 2005 from -0.3% in 2002.

Whilst the average SFA levels for the EU-25 remain modest overall, when expressed as a percent of GDP, the examination of country data shows that for many countries the SFAs are considerable.

Table 1 shows the SFA for the years 2002-2005, in percent of GDP. Large regular positive SFAs can be observed for Estonia, Cyprus, Finland and Sweden. On the other hand big regular negative values can be observed for the Czech Republic and Slovakia. Several countries exhibit some large annual SFAs, though with signs that differ from year to year (Belgium, Denmark, Italy, Luxembourg, Malta, Poland and Portugal).

Half of the annual SFA observed for the Member States over 2002-2005 exceeded 1% of GDP, in absolute values, and one fifth even exceeded 2% of GDP. All Member States reported at least one SFA in excess of 1.2% of GDP for the four years under review, except the UK (its highest SFA being 0.5% of GDP, in 2004).

Table 1: Stock-flow adjustment in 2002- 2005, in percent of GDP

	2002	2003	2004	2005
EU 25	-0.3	0.1	0.4	0.6
Euro area	-0.4	0.0	0.3	0.7
BE	0.4	-2.0	0.7	-0.5
CZ	-2.3	-3.8	0.0	-2.0
DK	1.9	-0.2	2.7	0.6
DE	-1.3	0.0	-0.6	-0.1
EE	1.7	2.6	2.4	2.4
EL	-0.3	-0.5	1.1	1.4
ES	0.5	-0.2	0.6	1.4
FR	0.7	1.6	0.8	1.2
IE	-0.1	1.3	1.8	1.3
IT	-2.1	-1.6	0.2	0.7
CY	1.5	2.3	2.1	0.8
LV	-1.5	1.1	1.2	0.2
LT	-0.6	-0.4	-1.3	1.1
LU	2.5	0.5	-0.5	-1.0
HU	0.8	0.4	0.0	-1.7
MT	-3.9	1.0	-0.2	-0.8
NL	-0.3	-0.4	0.2	1.4
AT	0.8	-1.2	0.7	0.4
PL	2.0	1.0	-2.1	0.1
PT	2.2	-0.6	0.6	1.1
SI	1.8	-1.1	0.1	-0.6
SK	-9.2	-0.7	0.4	-7.0
FI	4.3	6.1	4.0	1.3
SE	-0.2	1.7	2.8	4.8
UK	-0.3	0.1	0.5	0.2

To explain the differences between Member States shown above, we have to look at the components of SFA, as it often appears that SFA components offset each other.

Components of stock-flow adjustment – Factors contributing to the general government debt

The SFA is made up of 15 elements. This publication presents these elements grouped into main components.

Table 2 presents the SFA elements, as reported to the European Commission by the Member States, showing EU-25 figures in 2002-2005 for illustration. Table 3, placed at the end of the document, details the SFA of each Member State (for each year over 2002-2005). For many SFA items, this publication provides a supporting graph. Cross-references to the data are made through the text. Table 3 columns are numbered, and references are included throughout the text in brackets.

The starting point of the analysis is the *deficit/surplus level* and its contribution to the change in general government debt.

The first SFA group is called *Net acquisition of financial assets.* These corrections appear because financial transactions are "below the line": while not contributing to the deficit, they increase or decrease the stock of debt.

A second group of SFA items comprises transactions in those liabilities that are excluded from the Maastricht debt: *financial derivatives (F.34)* and *Other liabilities* mainly composed of *payables* (*F.7*).

A third SFA group includes selected other adjustments:

The *Effects of face valuation* are shown in the next three lines (Issuances above(-)/below(+) nominal value, Difference between interest (EDP D.41) accrued(-) and paid(+), Redemptions of debt above(+)/below(-) nominal value), reflecting the fact that the government debt, defined in Council Regulation 3605/93, as amended, excludes accrued interest and is measured at face value (for bills and bonds issued).

The *Appreciation (+)/depreciation (-) of foreign-currency debt* reflects the impact of changes in exchange rates on the Maastricht debt components, which are denominated in foreign currencies.

The *Other changes in volume* (Changes in sector classification (K.12.1) (+/-), and Other volume changes in financial liabilities (K.7, K.8, K.10)(-)) mainly arise from the reclassification of units inside or outside general government, and other rare cases of disappearances of debt that do not transit via the deficit/surplus.

The last item is the *statistical discrepancy*, which reflects differences arising from the diversity of data sources.

Table 2 Stock-flow adjustment item for the EU-25

EU25				
Data are in million euro	**2002**	**2003**	**2004**	**2005**
Net borrowing(+)/lending(-)(EDP B.9) of general government (S.13)*	**230625**	**302100**	**279998**	**252355**
Net acquisition (+) of financial assets [(1)]	19948	32721	41969	89717
Currency and deposits (F.2)	1555	4495	18584	28329
Securities other than shares (F.3)	11182	-4005	18183	23038
Loans (F.4)	6853	1859	8668	12550
Shares and other equity (F.5)	-5210	12405	3705	5586
Other financial assets (F.1, F.6 and F.7)	5568	17966	-7171	20213
Adjustments [(1)]	-48235	-24928	-1947	-18199
Net incurrence (-) of liabilities in financial derivatives (F.34)	-910	-1293	-1298	-1163
Net incurrence (-) of other liabilities (F.5, F.6 and F.7)	-12557	-6834	4797	-22633
Issuances above(-)/below(+) nominal value	5725	-298	3830	549
Difference between interest (EDP D.41) accrued(-) and paid(+)	-3711	-5140	1866	7318
Redemptions of debt above(+)/below(-) nominal value	-28169	-3397	-5103	-5239
Appreciation(+)/depreciation(-)[(2)] of foreign-currency debt	-8612	-5508	-6939	4134
Changes in sector classification (K.12.1)(+/-)	-92	-597	-614	-1645
Other volume changes in financial liabilities (K.7, K.8, K.10)(-)	92	-1861	1513	481
Statistical discrepancies	-1692	1099	4219	-3073
Change in general government (S.13) consolidated gross debt [(1)(3)]	**200659**	**310978**	**324239**	**320800**
*Memorandum item: aggregation effect***		*-64937*	*15823*	*19994*
*Memorandum item: change in aggregated general government debt***		*246042*	*340062*	*340794*

*Please note that the sign convention for net borrowing / net lending is different from tables 1 and 2.

(1) Consolidated within general government.

(2) Due to exchange-rate movements and to swap activity.

(3) A positive entry in this row means that nominal debt increases, a negative entry that nominal debt decreases.

** Aggregated data for EU-25 are calculated from the nominal figures sent by Member States to Eurostat, using an average or an end of period rate as appropriate. For the EU25 aggregate, it should be noted that the "aggregation of (national) changes in government debt" (which is reported here) is not the same as the "change in aggregated debt", owing to the impact of different exchange rates used when the data are converted in euro.

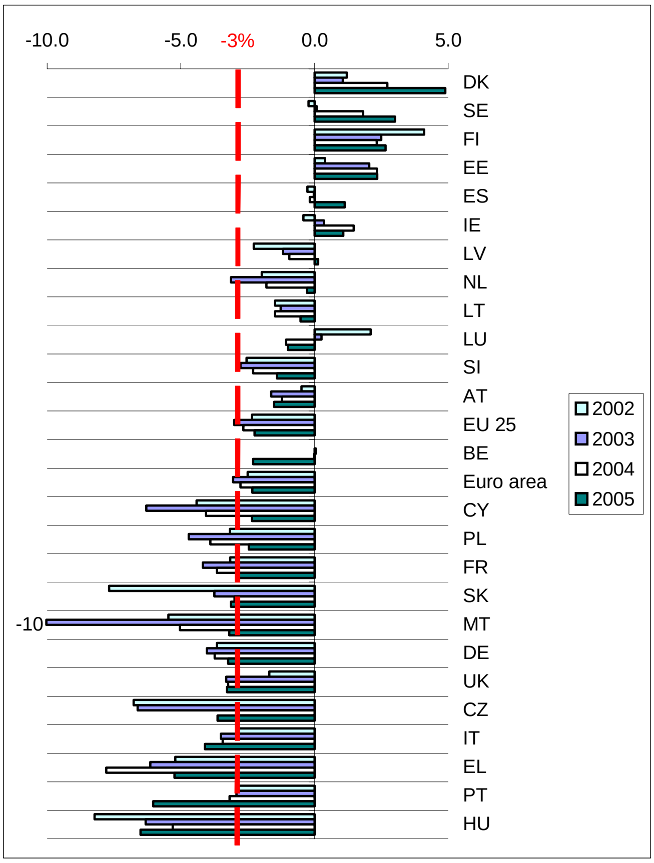
Net lending (+) / Net borrowing (-) (EDP B.9)

The main factor contributing to the change in government consolidated gross debt is generally the deficit or surplus of the general government sector (in table 3 column 1). Figure 3 illustrates deficit levels in 2002-2005, sorted in ascending order by the deficit level in 2005. The EU-25 government deficit remained between 2.3 and 3% of GDP over the 2002-2005 period, while the euro area deficit remained slightly higher than that of the EU-25.

Finland, Denmark, and Estonia recorded surpluses in 2002-2005. Sweden and Ireland had also surpluses, except for 2002. Luxembourg had surpluses in 2002-2003 and deficits in 2004-2005. Spain and Latvia had deficits except for 2005. On the other hand, 16 out of the 25 Member States recorded deficits in each year during this time period. Belgium showed a deficit in 2005 taking into account the Eurostat amendment for a large debt assumption by government (SNCB), after recording deficits or surpluses below +/-0.1% of GDP during 2002-2004.

In the period of 2002-2005, Germany, Greece, Malta and Hungary recorded deficits always above the 3% of GDP. Cyprus decreased noticeably its deficit below this limit, starting from a high deficit in 2003.

Figure 3: Net lending(+)/net borrowing(-) 2002-2005 in percent of GDP



Net acquisition of financial assets

The net acquisition of financial assets is generally the main factor in the SFA. It reflects acquisition less disposal of financial assets by the general government sector in the form of: Currency and deposits (F.2), Securities other than shares (F.3), Loans granted by the government to non-governmental units (F.4), Shares and other equity (F.5) as well as Other financial assets: mainly other accounts receivable (F.7), and occasionally Monetary gold (F.1) and Insurance technical reserves (F.6).

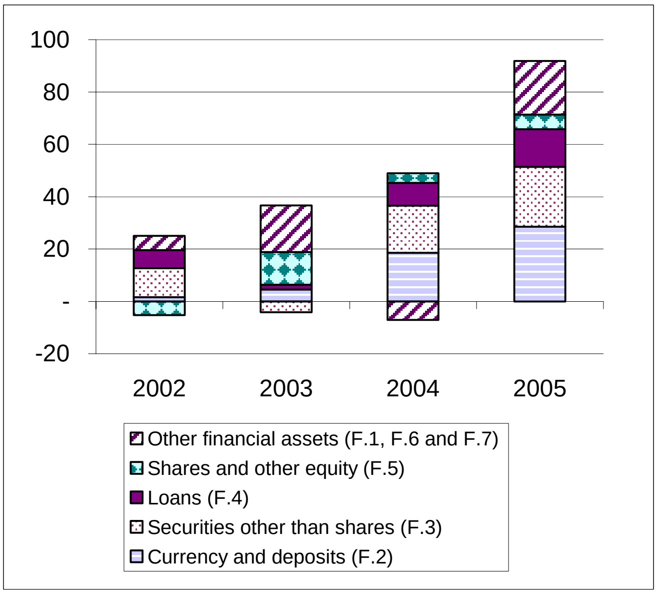
In principle, the information on net acquisition of financial assets must be coherent with financial accounts data published by Member States, and reported to Eurostat in the context of the ESA95 transmission programme. However, slight deviations may appear, notably due to differences in vintages.

Transactions in financial assets are reported on a consolidated basis, i.e. excluding transactions in government's own instruments. This is due to the fact that government debt is defined as consolidated within general government. The acquisition of government bonds by government units are thus not shown (in table 2 for instance) as acquisition of assets but as reduction in government debt. The importance of transactions between sectors can be observed when information at the level of each sub-sector of general government is provided. Such information on SFA by sub-sectors is accessible on the Eurostat web site.

Transactions in financial instruments, such as sales of shares, are without direct impact on government debt because they lead to changes in holdings of other types of financial assets, normally currency and deposits. However, there will be a subsequent impact on the debt, if government uses the proceeds to repay its debt. Changes in market value (e.g. changes due to price changes) of financial assets owned by general government are not included here. These have no impact on the government deficit nor on the change in debt.

Figure 4 shows the components of net acquisitions of financial assets for the EU-25 in 2002-2005 in billions of euro. A trend can be observed for accumulation of Currency and deposits (F.2) and of Securities other than shares (F.3), in recent years, with an average impact of 0.3% and 0.1% of GDP respectively in 2005. Loans contribute with a positive sign over the period, 0.1% in 2005. The sign of Other financial assets (F.1, F.6 and F.7) and of Shares and other equity (F.5) changes, however both can have significant effects on the change over 2002-2005 in debt levels.

Figure 4: Net acquisition of financial assets 2002-2005 for EU-25 (in billion EUR)



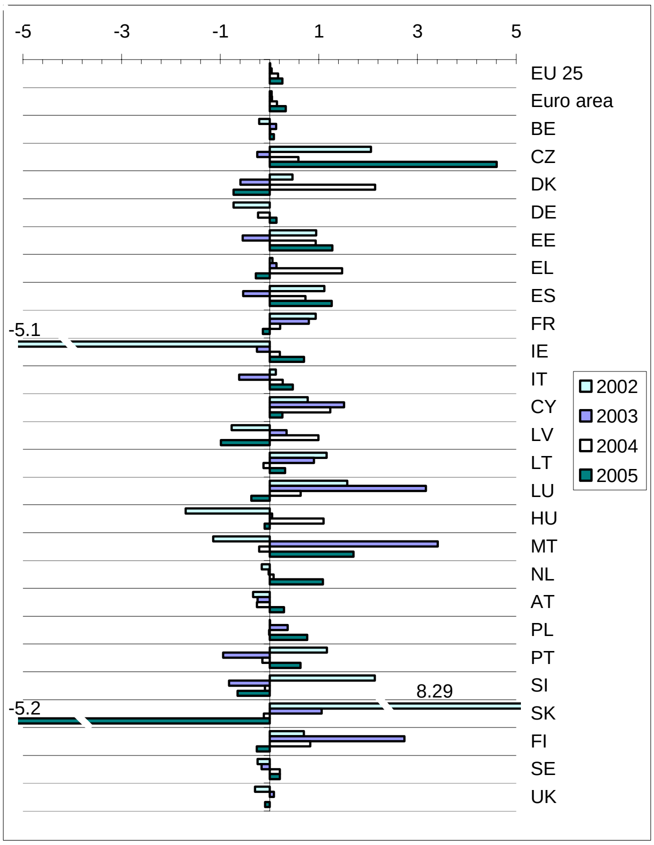
Separate sections are devoted to each SFA element, examining data by country, focusing on large values. For analytical purposes, the Other financial assets (F.1, F.6 and F.7) item is analysed separately, together with Net incurrence of other liabilities (F.6, and F.7) and Financial derivatives (F.34).

Currency and deposits (F.2)

The F.2 position (column (5)) reflects mainly movements in government deposits at banks, which can fluctuate substantially from one year to another, in particular due to Treasury operations. Other government units (e.g. local government, social security funds) also hold bank accounts. This figure tends to increase along with economic growth, and on average Member States with high nominal GDP growth would have higher F.2 values. Transactions in F.2 might also be influenced from one year to the next by very large operations that lead to large cash inflows or outflows in a given year. For example a large bond issuance might increase the deposits of the government if the receipts from the issuance are not used for another purpose like bond redemption or government spending, but are kept in the bank.

Particularly high positive values can be observed for the Czech Republic (in 2002, 2005), Denmark (2004), Luxembourg (2002, 2003), Malta (2003), Slovakia (2002, largely reflecting considerable privatisation proceeds that year), and Finland (2003). On the other hand, negative values can be noted for Ireland in year 2002 (reflecting a change in the behaviour of a large pension reserve fund that started investing on the market) and Slovakia in 2005.

Figure 5: Currency and deposits (F.2) 2002-2005 in percent of GDP

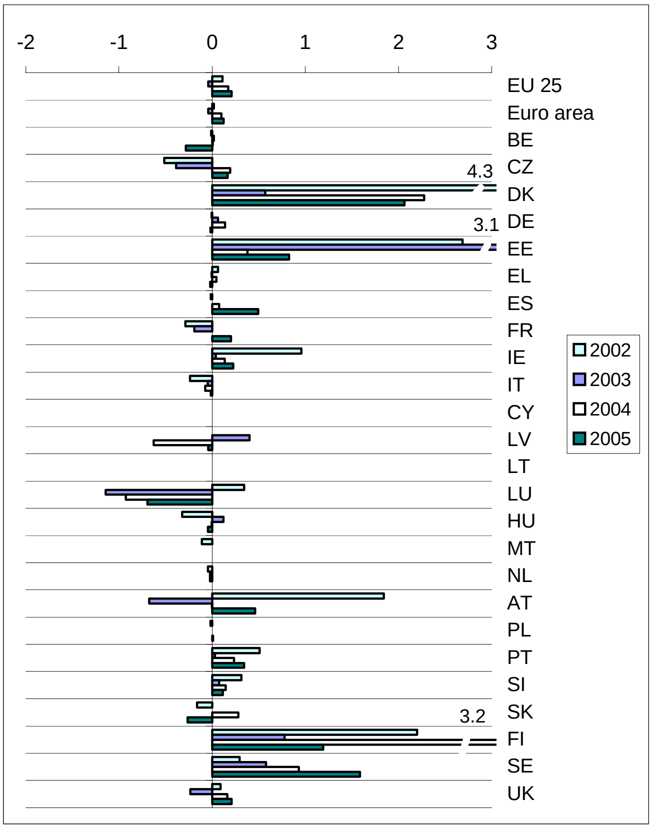


Securities other than shares (F.3)

Securities other than shares (column (6)) mainly reflect net purchases predominantly by some asset-rich social security funds or other reserve funds. This happens usually in the form of bills, notes or bonds issued by banks, non-financial corporations, or non-residents (including foreign governments). Purchases of bonds issued by resident government units are not reported here because these lead to a fall in Maastricht debt. Thus these are instead reported under change in debt as well as redemption above/below par (see below).

Figure 6 shows a marked dispersion across Member States for this item. Denmark (2002, 2004 and 2005), Estonia (2002, 2003), Finland (all years), and to a lesser extent Sweden (2005), show large purchases, reflecting social security investments, figure is high as well for Austria in 2002. In contrast other large investments flows of some other asset-rich social security funds do not appear here because they invest primarily or exclusively in government securities (such as Cyprus and Greece), which are consolidated in this presentation, or in deposits (Luxembourg).

Figure 6: Securities other than shares (F.3) 2002-2005 in percent of GDP

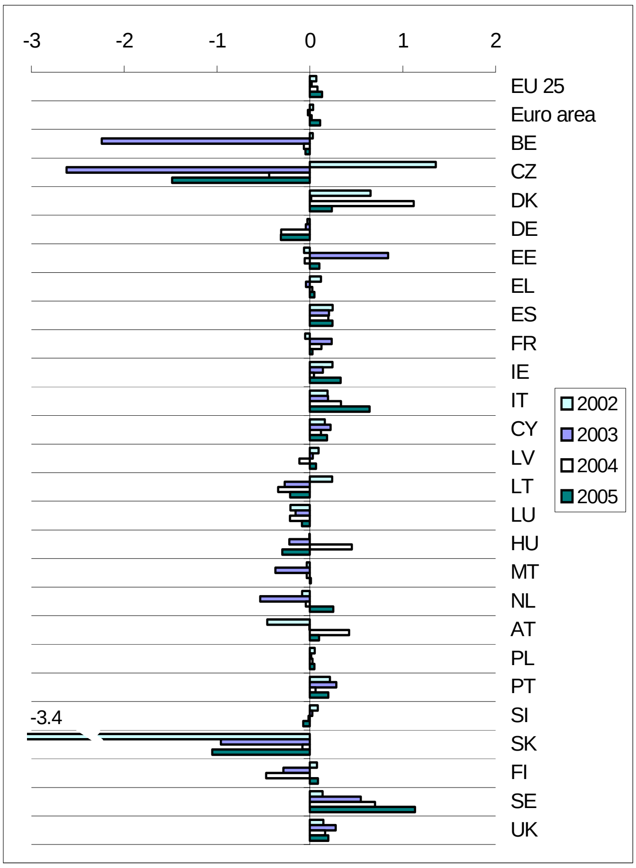


Loans (F.4)

F.4 (column (7)) comprises loans to non-government units only, since the figures in this table are consolidated. This item includes lending, notably to foreign governments, to public corporations, or to students. The value of loans grows with increased lending and decreases with loan repayments, with counterpart entries under cash. Loan cancellations are also reflected here with a counterpart entry under capital transfer (government expenditure). The size of the item reflects the prevalence of lending as part of government policy in various countries.

Denmark (notably the year 2004), Estonia (2003), and Sweden (most years) have noticeable positive values. High negative values might be observed for Belgium, the Czech Republic, and Slovakia. For Belgium a change in financing scheme of housing loans, substituted by guarantees led in 2003 to the quasi liquidation of government portfolio of loans. Debt cancellations mainly explain the high negative figures for the Czech Republic in 2003 and 2005 and for Slovakia in 2002 (i.e. with impact on the deficit).

Figure 7: Loans (F.4) 2002-2005 in percent of GDP



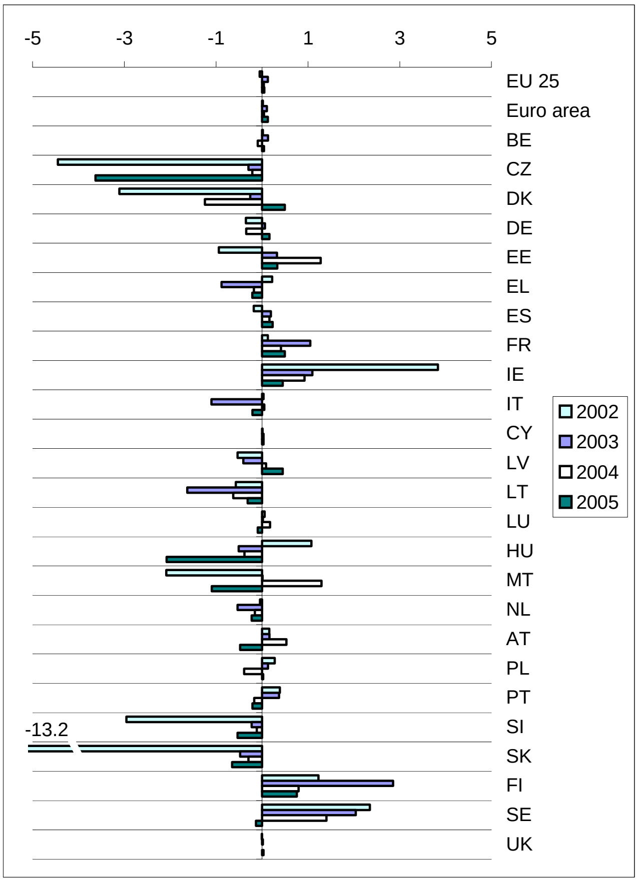
Shares and other equity (F.5)

The item Shares and other equity (column (8)) captures acquisitions less disposals by government units of equity in corporations. These may reflect privatisation proceeds, equity injections in public corporations, or portfolio investments. Figure 8 reports these various transactions on a net basis.

A decrease of shares and other equity may mirror privatisation proceeds. These can be non-negligible, notably for the recently acceded Member States. Privatisation proceeds for the EU-15 Member States peaked during the 1990s. Thus, for the Czech Republic the high (negative) values in the item Shares and other equity in 2002 and 2005, and for Slovakia in 2002, reflect large privatisations. It can be noted that in these years the currency and deposit figures (F.2, column (5)) for these countries sharply increased, showing the proceeds in cash.

Another reason for the item shares and other equity relates to equity injections by government, which means cash provided by government to specific public corporations when government is acting similarly to a private investor with the expectation of a market return on its invested funds. These are therefore not considered as government expenditure in national accounts.

Figure 8: Shares and other equity (F.5) 2002-2005 in percent of GDP



Since these are not treated as expenditure of the government, these are not included in the net lending/net borrowing of Member States, despite leading to a financing need and an (indirect) increase of government debt of the government.

Eurostat is particularly vigilant on the recording of capital injections: they must be recorded as government expenditure (capital transfer expenditure) whenever there is no evidence that government is acting similarly to a private investor.

Cases of substantial equity injections (those capital injections treated as transactions in equity rather than as capital transfers) are observed in Denmark (investments in so-called "quasi-corporations"), Estonia (2002, injections in a real estate company), Greece (2005, ATE Bank), France (2003, France Telecom), Hungary (2002, injection in the Central Bank), Portugal (2002, hospitals), and Austria (2004, Austrian Railways).

The item Shares and other equity also captures portfolio investments in the form of purchase of quoted shares on the market made by some government units, notably asset-rich social security funds, such as in Ireland (2002 – reserve account), Finland and Sweden. This item also includes net investment in mutual funds, which are alternative investment vehicles. In particular, placements in money market mutual funds are reported here, despite being close substitutes for bank deposits.

Other financial assets (F.1, F.6 and F.7), Net incurrence of other liabilities (F.6 and F.7) and Financial derivatives (F34)

Whereas public accounts or budget recordings are often cash based (or partly cash based) in the EU, ESA 1995 follows the accrual principle (namely recording transactions when the obligation to pay arises, not when the payment is actually made). Thus the impact on the financing needs of government does not directly arise from the deficit, as government revenue can be cashed, or government expenditure can be settled, at different accounting periods than the economic transaction itself. Thus two items have to be added in the transition from the deficit to the change in debt: Other financial assets (column (9)), which mainly shows the receivables of government; and Net incurrence of other liabilities (column (12)), which mainly shows the payables of government.

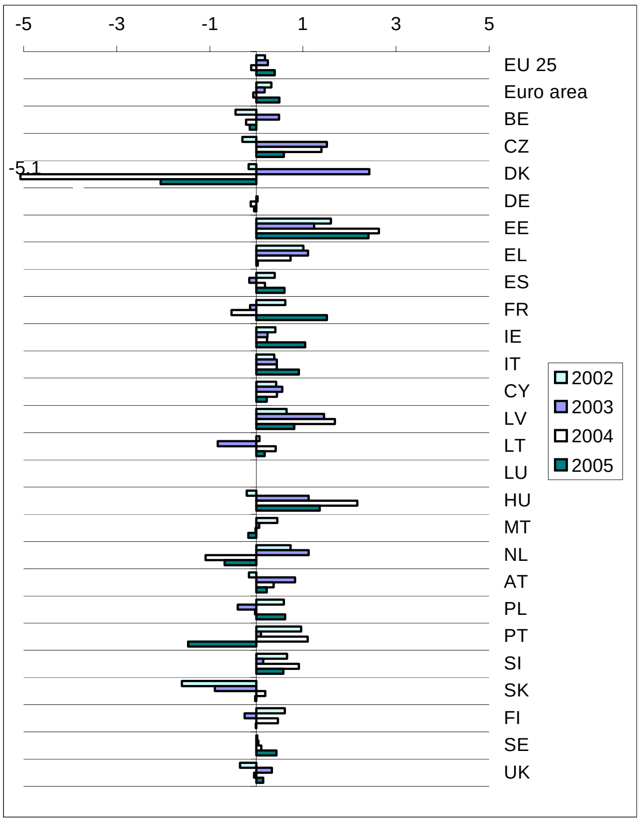
Other financial assets includes mainly receivables of taxes and social contributions as well as amounts concerning EU transactions (amounts paid by government on behalf of the EU but not yet reimbursed by the EU), trade credits, or rare occasions of advance/late payments for expenditure such as wages or benefits paid one month in advance. The amount of other financial assets tends to increase over time because of nominal GDP growth.

By the same token, entries in net incurrence of other liabilities include (among others) deliveries of goods and services not yet paid for as well as sums received from the EU but not yet paid out by the government to the final beneficiary.

Figure 9 presents the net impact of other assets and other liabilities. Large values might be observed for Denmark in years 2003, 2004 and 2005, including the impact of balancing effects.

In addition, government entities, notably Treasuries, carry out operations in financial derivatives, such as swaps, futures, and options, and the cash flows related to those operations are recorded in the financial accounts. The effect of these is overall small.

Figure 9: Net financial assets: Other financial assets minus Net incurrence of other liabilities



Effects of face valuation

These items relate to the fact that Maastricht debt is valued at face value.

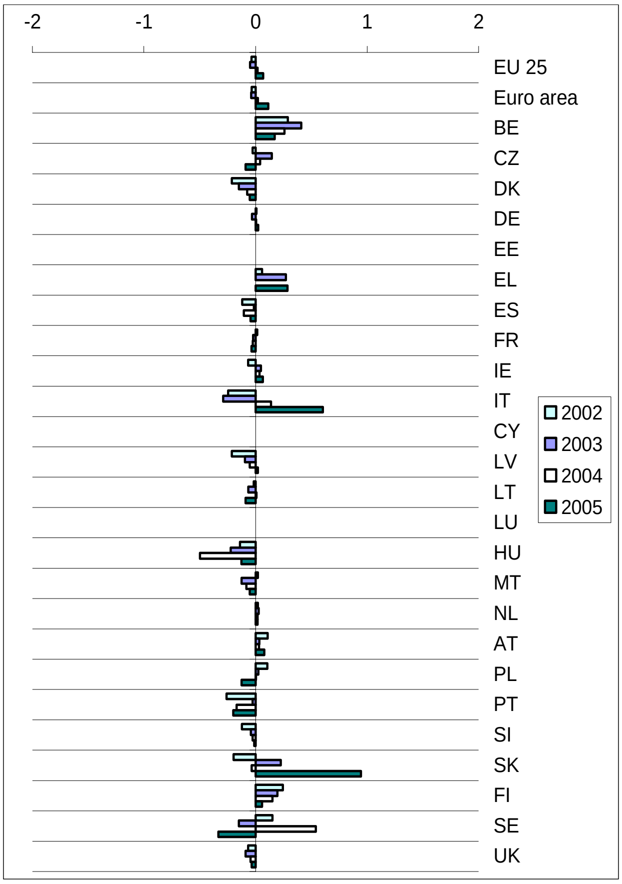
Difference between interest (EDP D.41) accrued and paid (column (14)) must be presented here, because government expenditure on interest according to ESA 1995 requires a recording spread over time following the accrual principle, whereas the cash impact is only when interest is actually paid. As this item also captures the spreading of the premium or discount at issue, positive values would reflect the accrual impact of large amounts of bonds issued in the past at a premium. The adjustment for swaps (stream of payments on swaps and forward rate agreements) is included here (see methodological annex). The large entry for Slovakia in 2005 results from the reimbursement of an old debt to the Czech Republic, following international arbitration. The large entry for Italy in 2005 mainly reflects capital uplifts on certain financial instruments issued in 2005 and adjustments for swaps.

Governments routinely issue bonds below or above their face value (face value = par value), notably in the form of fungible bonds or in the case of zero coupon bonds (not common in Europe). When the face and the issuance values differ, this has consequences on the recording in national accounts. Since government debt must be recorded at face value but the proceeds that enter currency and deposits correspond to the issue value, the difference must be recorded as *Issuance above/below par* (see column (13)). Hence, the difference is not recorded as government expenditure or revenue at time of issuance, but only gradually over time.

By the same token a similar adjustment must be made in the case of early redemption, when government buys back issued bonds. The difference between the repurchase value and the issue value must be presented in the column Redemptions of debt above/below par (column (15)). A large negative amount for Italy in the year 2002 reflects a specific operation, where a low interest claim of the Central Bank on general government was redeemed in advance at a discount.

High values for Ireland in 2004 in both items Issuance above/below par (column (13)) and Redemptions of debt above/below par (column (15)) reflect large scale debt restructuring treated statistically as redemption of old debts alongside the issuance of new debt.

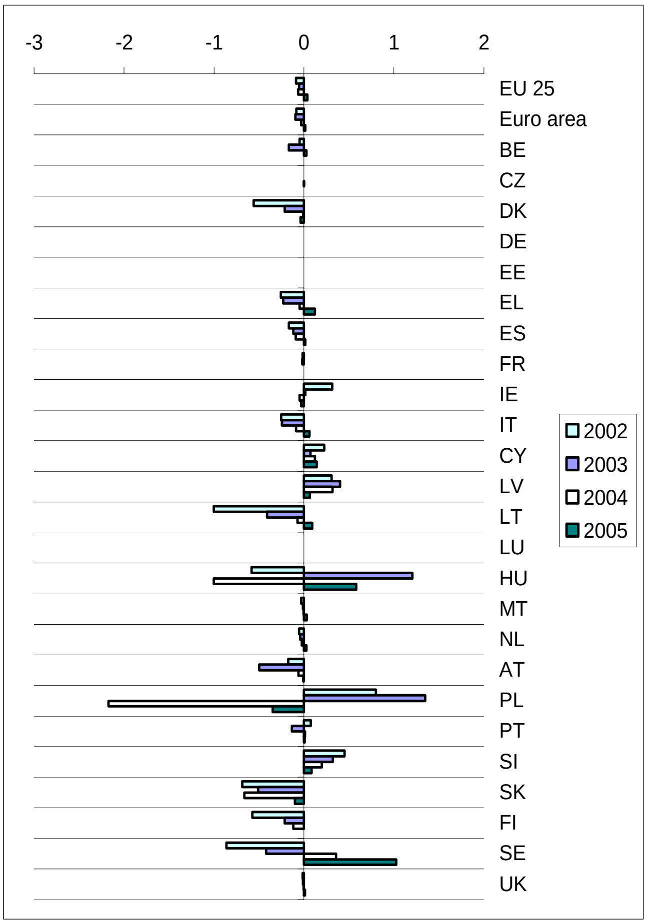
Figure 10: Difference between interest (EDP D.41) accrued and paid 2002-2005 in percent of GDP



Appreciation/depreciation of foreign currency debt

If a government issues bonds denominated in a currency other than in its own currency, the depreciation or appreciation of the national currency leads to changes in debt without an impact on the deficit/surplus. These amounts have to be recorded in Appreciation/depreciation of foreign currency debt (column (16)). Looking at Figure 11, it is clear that mainly recently acceded Member States have substantial amounts of bonds denominated in foreign currency, mostly in euro or in U.S. dollars. Noticeable negative values can be observed for Slovakia (2002, 2003, and 2004) and for Lithuania (2002, 2003) while noticeable positive values may be observed for Slovenia (2002) and for Latvia (2003). Large values are also observed but with different signs across the period for Hungary, Poland and Sweden reflecting appreciation and depreciation phases of their currency. More in general this SFA item loses importance with the apparition of the euro.

Figure 11: Appreciation/depreciation of foreign currency debt 2002-2005 in percent of GDP

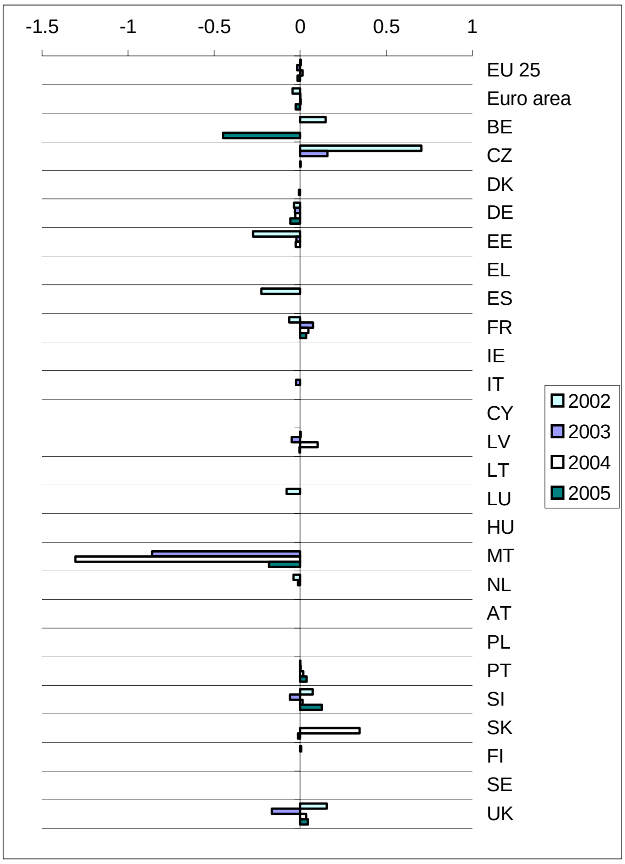


Other changes in volume: Changes in sector classification (K.12.1) (+/-) and Other volume changes in financial liabilities (K.7, K.8, K.10)(-)

It might happen that an institutional unit that was classified outside (inside) government is reclassified inside (outside) government. The impact of this is shown under Changes in sector classification (K.12.1) (column (17)). Some other specific events can give rise to entries in other changes in volume.

Large values can be observed for the Czech Republic, in 2002 (reclassification inside government of a restructuring agency), and for Malta in 2003 (reflecting the impact of the reorganisation of the shipyard industry) and in 2004 (government transfer of land together with liabilities to a public corporation).

Figure 12: Other changes in volume 2002-2005 in percent of GDP



Statistical discrepancy

The government sector accounts in national accounts (ESA1995) are often compiled from a diversity of sources, which may not be fully integrated or completely homogenous, leading to differences between the revenue and expenditure data and the financing data, or between the transactions in debt and other economic flows in debt (valuation effects and other changes in volume) data and the change in debt data.

The extent of discrepancies can thus indicate the accuracy of the data supplied by Member States. Therefore Eurostat monitors discrepancies carefully, to determine if they are of an excessive size, or accumulate (i.e. are of a same sign) over time. In particular, a continuously positive discrepancy may raise questions on whether the deficit is appropriately measured.

However, statistical practices differ in Europe, with some compilers showing discrepancies explicitly, whilst others allocate them under various other SFA items, such as other financial assets and liabilities. Therefore for some purposes, it may be useful to consider other assets, other liabilities and statistical discrepancies together.

Discrepancies between the non-financial and the financial accounts often relate to the time of recording of Treasury or Budget transactions compared to the moment they flow through the banking system. A notable cause of discrepancies originates from the accrual recording and the difficulty to match cash and accrual data.

Sweden, Luxembourg and Austria exhibit high values but they largely compensate over time. There is a high value for Slovenia in 2002. The cumulated value in the 2002-2005 period is positive in excess of 0.5% of GDP for Germany, Hungary, Slovenia and Finland, but for these countries the trend is generally decreasing and in 2005 the values of their statistical discrepancies were respectively 0.0%, 0.0%, 0.0% and 0.3% of GDP. The statistical discrepancy that in past notifications was high for Greece has now been noticeably reduced, after successive upward revisions of the deficit.

Figure 13: Statistical discrepancy 2002-2005 in percent of GDP

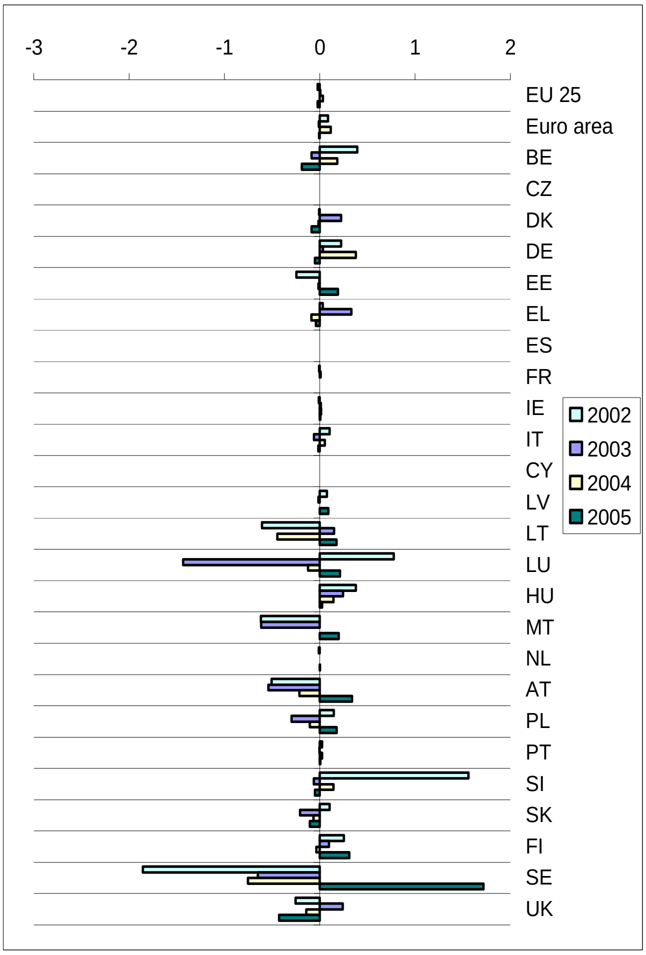


Table 3: Stock-flow adjustment tables, in years 2002-2005

Stock flow adjustment to General government - 2005

October 2006 EDP notification

	Net borrowing(+)/lending()(EDP B.9) of general government (S.13)* (1)	Change in general government (S.13) consolidated gross debt (2)	Stock - floS adjustment (SFA) (3) =(2)+(1)=(4)+(10)+(19)	Net acquisition (+) of financial assets (3) (4) =(5)+(6)+(7)+(8)+(9)	Currency and deposits (F.2) (5)	Securities other than shares (F.3) (6)	Loans (F.4) (7)	Shares and other equity (F.5) (8)	Other financial assets (F.1, F.6 and F.7) (9)	Adjustments (10)= (11)+(12)+(13)+(14)+(15)+(16)+(17)	Net incurrence (-) of liabilities in financial derivatives (F.34) (11)	Net incurrence (-) of other liabilities (F.6 and F.7) (12)	Issuances above(-)/below(+) par (13)	Difference between interest (EDP D.41) accrued(-) and paid(4)(+) (14)	Redemptions of debt above(+)/below(-) par (15)	Appreciation(+)/depreciation(-)(5) of foreign-currency debt (6) (16)	Changes in sector classification (K.12.1)(6) (+/-) (17)	Other volume changes in financial liabilities (K.7, K.8, K.10)(6)(-) (18)	Statistical discrepancies (19) =(20)+(21)	Difference between financial and capital accounts (B.9f-B.9)* (20)	Other statistical discrepancies (+/-) (21)
EU 25	**-2.2**	2.9	0.6	0.8	0.3	0.2	0.1	0.1	0.2	-0.2	0.0	-0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	NC	NC
Eurozone	**-2.3**	3.0	0.7	0.9	0.3	0.1	0.1	0.1	0.2	-0.2	0.0	-0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
BE	-2.3	1.8	-0.5	-0.3	0.1	-0.3	0.0	0.0	-0.1	-0.1	0.0	0.1	0.1	0.2	0.0	0.0	-0.4	0.0	-0.2	-0.1	-0.1
CZ	-3.6	1.6	-2.0	-0.8	4.6	0.2	-1.5	-3.6	-0.5	-1.2	0.0	-1.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DK	4.9	-4.3	0.6	0.4	-0.7	2.1	0.2	0.5	-1.7	0.2	-0.1	0.4	0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
DE	-3.2	3.1	-0.1	-0.1	0.1	0.0	-0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
EE	2.3	0.0	2.4	3.6	1.3	0.8	0.1	0.3	1.0	-1.4	0.0	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0
EL	-5.2	6.6	1.4	0.4	-0.3	0.0	0.1	-0.2	0.9	1.0	0.0	0.9	-0.4	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0
ES	1.1	0.2	1.4	2.1	1.3	0.5	0.2	0.2	-0.1	-0.8	0.0	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FR	-2.9	4.1	1.2	1.6	-0.1	0.2	0.0	0.5	1.0	-0.5	0.0	-0.5	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
IE	1.1	0.2	1.3	2.0	0.7	0.2	0.3	0.5	0.3	-0.8	0.0	-0.7	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IT	-4.1	4.8	0.7	1.1	0.5	0.0	0.6	-0.2	0.2	-0.4	0.0	-0.7	0.0	0.6	-0.4	0.1	0.0	0.0	0.0	-0.1	0.1
CY	-2.3	3.1	0.8	0.7	0.3	0.0	0.2	0.0	0.2	0.1	0.0	0.0	-0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
LV	0.1	0.1	0.2	0.2	-1.0	0.0	0.1	0.5	0.7	-0.1	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.0
LT	-0.5	1.6	1.1	0.4	0.3	NA	-0.2	-0.3	0.6	0.5	NA	0.5	0.0	-0.1	NA	0.1	0.0	0.0	0.2	0.2	0.0
LU	-1.0	0.0	-1.0	-1.2	-0.4	-0.7	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	ND	ND
HU	-6.5	4.8	-1.7	-1.6	-0.1	0.0	-0.3	-2.1	0.9	-0.1	0.1	-0.5	-0.3	-0.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0
MT	-3.2	2.3	-0.8	0.0	1.7	0.0	0.0	-1.1	-0.6	-1.0	0.0	-0.4	-0.4	-0.1	0.0	0.0	0.0	-0.2	0.2	0.1	0.1
NL	-0.3	1.7	1.4	0.9	1.1	0.0	0.3	-0.2	-0.2	0.5	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AT	-1.5	1.9	0.4	0.6	0.3	0.5	0.1	-0.5	0.2	-0.5	-0.4	0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.3	-0.1	0.4
PL	-2.5	2.6	0.1	1.2	0.8	0.0	0.0	0.0	0.3	-1.3	NA	-0.3	-0.5	-0.1	NA	-0.3	NA	NA	0.2	NA	0.2
PT	-6.0	7.1	1.1	0.4	0.6	0.3	0.2	-0.2	-0.6	0.7	0.0	0.9	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SI	-1.4	0.8	-0.6	-0.7	-0.7	0.1	-0.1	-0.5	0.5	0.1	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	ND	ND
SK	-3.1	-3.9	-7.0	-7.4	-5.2	-0.3	-1.1	-0.7	-0.2	0.5	0.0	-0.2	-0.2	0.9	0.0	-0.1	0.0	0.0	-0.1	-0.1	0.0
FI	2.7	-1.4	1.3	1.4	-0.3	1.2	0.1	0.8	-0.4	-0.5	-0.2	-0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.3	0.3	0.0
SE	3.0	1.8	4.8	2.9	0.2	1.6	1.1	-0.1	0.1	0.2	0.0	-0.3	-0.2	-0.3	0.0	1.0	0.0	0.0	1.7	1.2	0.5
UK	-3.3	3.5	0.2	0.5	-0.1	0.2	0.2	0.0	0.1	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	-0.4	0.0	-0.4
EU 25	**-2.2**	2.9	0.6	0.8	0.3	0.2	0.1	0.1	0.2	-0.2	0.0	-0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	NC	NC
Eurozone	**-2.3**	3.0	0.7	0.9	0.3	0.1	0.1	0.1	0.2	-0.2	0.0	-0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
EU 25 stvdev	**2.9**	**2.7**	**2.0**	**2.0**	**1.6**	**0.6**	**0.5**	**0.9**	**0.6**	**0.6**	**0.1**	**0.5**	**0.2**	**0.3**	**0.1**	**0.2**	**0.1**	**0.0**	**0.4**	**0.3**	**0.2**
EU 25 avera	**-1.5**	**1.8**	**0.3**	**0.3**	**0.2**	**0.3**	**0.0**	**-0.3**	**0.1**	**-0.2**	**0.0**	**-0.2**	**-0.1**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**0.1**	**0.1**	**0.0**

Stock flow adjustment to General government - 2004

October 2006 EDP notification

	Net borrowing(+)/lending()(EDP B.9) of general government (S.13)* (1)	Change in general government (S.13) consolidated gross debt (2)	Stock - floS adjustment (SFA) (3) =(2)+(1)=(4)+(10)+(19)	Net acquisition (+) of financial assets (3) (4) =(5)+(6)+(7)+(8)+(9)	Currency and deposits (F.2) (5)	Securities other than shares (F.3) (6)	Loans (F.4) (7)	Shares and other equity (F.5) (8)	Other financial assets (F.1, F.6 and F.7) (9)	Adjustments (10)= (11)+(12)+(13)+(14)+(15)+(16)+(17)	Net incurrence (-) of liabilities in financial derivatives (F.34) (11)	Net incurrence (-) of other liabilities (F.6 and F.7) (12)	Issuances above(-)/below(+) par (13)	Difference between interest (EDP D.41) accrued(-) and paid(4)(+) (14)	Redemptions of debt above(+)/below(-) par (15)	Appreciation(+)/depreciation(-)(5) of foreign-currency debt (6) (16)	Changes in sector classification (K.12.1)(6) (+/-) (17)	Other volume changes in financial liabilities (K.7, K.8, K.10)(6)(-) (18)	Statistical discrepancies (19) =(20)+(21)	Difference between financial and capital accounts (B.9f-B.9)* (20)	Other statistical discrepancies (+/-) (21)
EU 25	**-2.7**	3.1	0.4	0.4	0.2	0.2	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	NC	NC
Eurozone	**-2.8**	3.1	0.3	0.3	0.2	0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.1
BE	0.0	0.8	0.7	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.7	0.0	0.3	0.1	0.3	0.0	0.0	0.0	0.0	0.2	0.2	0.0
CZ	-2.9	2.9	0.0	0.8	0.6	0.2	-0.4	-0.2	0.6	-0.8	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DK	2.7	0.0	2.7	0.9	2.1	2.3	1.1	-1.2	-3.4	1.9	0.0	1.6	0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DE	-3.7	3.2	-0.6	-0.9	-0.2	0.1	-0.3	-0.3	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4
EE	2.3	0.0	2.4	3.8	0.9	0.4	-0.1	1.3	1.2	-1.4	0.0	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EL	-7.8	8.9	1.1	1.8	1.5	0.0	0.0	-0.2	0.4	-0.6	-0.1	-0.3	-0.2	0.0	0.1	0.0	0.0	0.0	-0.1	0.0	-0.1
ES	-0.2	0.8	0.6	1.1	0.7	0.1	0.2	0.2	0.0	-0.5	0.0	-0.2	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
FR	-3.7	4.5	0.8	0.5	0.2	0.0	0.1	0.4	-0.2	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IE	1.5	0.4	1.8	1.6	0.2	0.1	0.0	0.9	0.3	0.2	0.1	0.0	-0.7	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0
IT	-3.4	3.7	0.2	0.7	0.3	-0.1	0.3	0.0	0.1	-0.5	0.0	-0.4	0.3	0.1	-0.5	-0.1	0.0	0.0	0.1	0.0	0.0
CY	-4.1	6.1	2.1	1.8	1.2	0.0	0.1	0.0	0.4	0.2	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
LV	-0.9	2.1	1.2	1.4	1.0	-0.6	-0.1	0.1	1.1	-0.2	0.0	-0.6	0.0	-0.1	0.0	0.3	0.1	0.0	0.0	0.0	0.0
LT	-1.5	0.2	-1.3	-0.7	-0.1	NA	-0.3	-0.6	0.4	-0.1	NA	-0.1	0.0	0.0	NA	-0.1	0.0	0.0	-0.4	-0.4	0.0
LU	-1.1	0.6	-0.5	-0.3	0.6	-0.9	-0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	ND	ND
HU	-5.3	5.3	0.0	2.1	1.1	0.0	0.5	-0.4	0.9	-2.2	0.2	-1.2	0.3	-0.5	0.0	-1.0	0.0	0.0	0.1	0.1	0.0
MT	-5.0	4.8	-0.2	1.1	-0.2	0.0	0.0	1.3	0.0	-1.3	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-1.3	0.0	0.3	-0.3
NL	-1.8	2.0	0.2	-0.5	0.1	0.0	0.0	-0.2	-0.4	0.7	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AT	-1.2	1.9	0.7	1.2	-0.3	0.0	0.4	0.5	0.5	-0.3	-0.3	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	-0.2	-0.1	-0.2
PL	-3.9	1.8	-2.1	-0.3	0.0	0.0	0.0	-0.4	0.1	-1.8	NA	0.1	0.3	0.0	NA	-2.2	NA	NA	-0.1	NA	-0.1
PT	-3.2	3.8	0.6	0.9	-0.1	0.2	0.1	-0.2	0.9	-0.3	0.0	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SI	-2.3	2.4	0.1	0.3	-0.1	0.1	0.0	-0.1	0.3	-0.3	0.0	-0.6	0.0	0.0	0.0	0.2	0.0	0.0	0.1	ND	ND
SK	-3.0	3.4	0.4	0.3	-0.1	0.3	-0.1	-0.3	0.5	0.2	0.0	0.3	0.4	0.0	-0.2	-0.7	0.0	0.3	-0.1	0.0	-0.1
FI	2.3	1.7	4.0	4.5	0.8	3.2	-0.5	0.8	0.1	-0.5	-0.1	-0.4	0.0	0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
SE	1.8	1.0	2.8	3.2	0.2	0.9	0.7	1.4	-0.1	0.4	0.0	-0.2	-0.3	0.5	0.0	0.4	0.0	0.0	-0.8	0.0	-0.7
UK	-3.2	3.7	0.5	0.4	0.0	0.2	0.2	0.0	0.1	0.2	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
EU 25	**-2.7**	3.1	0.4	0.4	0.2	0.2	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	NC	NC
Eurozone	**-2.8**	3.1	0.3	0.3	0.2	0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.1
EU 25 stvdev	**2.7**	**2.2**	**1.3**	**1.3**	**0.6**	**0.8**	**0.3**	**0.6**	**0.9**	**0.8**	**0.1**	**0.6**	**0.2**	**0.2**	**0.2**	**0.5**	**0.0**	**0.3**	**0.2**	**0.1**	**0.2**
EU 25 avera	**-1.9**	**2.6**	**0.7**	**1.0**	**0.4**	**0.3**	**0.1**	**0.1**	**0.2**	**-0.2**	**0.0**	**-0.1**	**0.0**	**0.0**	**0.0**	**-0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**

Stock flow adjustment to General government - 2003

October 2006 EDP notification

	Net borrowing(+)/lending(-)(EDP B.9) of general government (S.13)* (1)	Change in general government (S.13) consolidated gross debt (2) (2)	Stock - floS adjustment (SFA) (3) =(2)+(1)=(4)+(10)+(19)	Net acquisition (+) of financial assets (3) (4) =(5)+(6)+(7)+(8)+(9)	Currency and deposits (F.2) (5)	Securities other than shares (F.3) (6)	Loans (F.4) (7)	Shares and other equity (F.5) (8)	Other financial assets (F.1, F.6 and F.7) (9)	Adjustments (10)=(11)+(12)+(13)+(14)+(15)+(16)+(17)	Net incurrence (-) of liabilities in financial derivatives (F.34) (11)	Net incurrence (-) of other liabilities (F.6 and F.7) (12)	Issuances above(-)/below(+) par (13)	Difference between interest (EDP D.41) accrued(-) and paid(4)(+) (14)	Redemptions of debt above(+)/below(-) par (15)	Appreciation(+)/depreciation(-)(5) of foreign-currency debt (6) (16)	Changes in sector classification (K.12.1)(6) (+/-) (17)	Other volume changes in financial liabilities (K.7, K.8, K.10)(6)(-) (18)	Statistical discrepancies (19) =(20)+(21)	Difference between financial and capital accounts (B.9f-B.9)* (20)	Other statistical discrepancies (+/-) (21)
EU 25	**-3.0**	3.1	0.1	0.3	0.0	0.0	0.0	0.1	0.2	-0.2	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	NC	NC
Eurozone	**-3.0**	3.1	0.0	0.3	0.0	0.0	0.0	0.1	0.2	-0.2	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
BE	0.0	-2.0	-2.0	-2.0	0.1	0.0	-2.2	0.1	0.0	0.1	0.0	-0.5	0.1	0.4	0.2	-0.2	0.0	0.0	-0.1	-0.1	0.0
CZ	-6.6	2.8	-3.8	-3.0	-0.2	-0.4	-2.6	-0.3	0.5	-0.8	-0.1	-1.0	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0
DK	1.1	-1.3	-0.2	1.1	-0.6	0.6	0.0	-0.3	1.3	-1.5	0.0	-1.1	0.0	-0.1	0.0	-0.2	0.0	0.0	0.2	0.0	0.2
DE	-4.0	4.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EE	2.0	0.5	2.6	3.8	-0.5	3.1	0.8	0.3	0.0	-1.2	0.0	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EL	-6.1	5.7	-0.5	0.0	0.1	0.0	0.0	-0.9	0.8	-0.8	0.0	-0.3	-0.5	0.3	0.0	-0.3	0.0	0.0	0.3	0.0	0.3
ES	0.0	-0.2	-0.2	-0.2	-0.5	0.0	0.2	0.2	-0.1	0.0	0.0	0.1	-0.1	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
FR	-4.2	5.8	1.6	1.7	0.8	-0.2	0.2	1.1	-0.2	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
IE	0.3	1.0	1.3	1.3	-0.3	0.0	0.1	1.1	0.3	0.1	0.0	0.0	-0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
IT	-3.5	1.9	-1.6	-0.9	-0.6	0.0	0.2	-1.1	0.7	-0.6	0.0	0.2	0.2	-0.3	-0.4	-0.2	0.0	0.0	-0.1	-0.2	0.1
CY	-6.3	8.6	2.3	2.3	1.5	0.0	0.2	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
LV	-1.2	2.3	1.1	1.4	0.3	0.4	0.0	-0.4	1.0	-0.2	0.0	-0.4	0.0	-0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0
LT	-1.3	0.9	-0.4	-0.9	0.9	NA	-0.3	-1.6	0.1	0.4	NA	0.9	0.0	-0.1	NA	-0.4	0.0	0.0	0.1	0.1	0.0
LU	0.3	0.2	0.5	1.9	3.2	-1.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.4	ND	ND
HU	-6.3	6.7	0.4	-0.4	0.1	0.1	-0.2	-0.5	0.2	0.5	0.2	-0.9	0.3	-0.2	0.0	1.2	0.0	0.0	0.2	0.2	0.0
MT	-10.0	11.0	1.0	2.8	3.4	0.0	-0.4	0.0	-0.3	-1.2	0.0	-0.3	0.1	-0.1	0.0	0.0	0.0	-0.9	-0.6	0.0	-0.7
NL	-3.1	2.7	-0.4	-0.2	0.0	0.0	-0.5	-0.5	0.9	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AT	-1.6	0.4	-1.2	0.0	-0.2	-0.7	0.0	0.2	0.7	-0.7	-0.1	-0.1	0.0	0.0	0.0	-0.5	0.0	0.0	-0.5	0.0	-0.5
PL	-4.7	5.7	1.0	0.2	0.4	0.0	0.0	0.1	-0.3	1.1	NA	0.1	-0.3	0.0	NA	1.3	NA	NA	-0.3	NA	-0.3
PT	-2.9	2.3	-0.6	-0.3	-0.9	0.0	0.3	0.4	0.0	-0.3	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
SI	-2.8	1.7	-1.1	-1.0	-0.8	0.1	0.0	-0.2	-0.1	0.0	0.0	-0.2	0.0	0.0	0.0	0.3	-0.2	0.2	-0.1	ND	ND
SK	-3.7	3.0	-0.7	-0.9	1.1	0.0	-1.0	-0.5	-0.5	0.4	0.0	0.4	0.3	0.2	0.0	-0.5	0.0	0.0	-0.2	-0.1	-0.1
FI	2.5	3.6	6.1	6.1	2.7	0.8	-0.3	2.9	0.0	0.0	-0.4	0.2	0.0	0.2	0.1	-0.2	0.0	0.0	0.1	0.2	-0.1
SE	0.1	1.7	1.7	3.0	-0.2	0.6	0.6	2.0	0.0	-0.6	0.0	0.0	-0.1	-0.1	0.1	-0.4	0.0	0.0	-0.6	-1.0	0.4
UK	-3.3	3.4	0.1	0.3	0.1	-0.2	0.3	0.0	0.2	-0.4	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	-0.2	0.2	0.0	0.2
EU 25	**-3.0**	3.1	0.1	0.3	0.0	0.0	0.0	0.1	0.2	-0.2	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	NC	NC
Eurozone	**-3.0**	3.1	0.0	0.3	0.0	0.0	0.0	0.1	0.2	-0.2	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
EU 25 stvdev	**3.1**	**3.0**	**1.9**	**2.0**	**1.2**	**0.7**	**0.8**	**0.9**	**0.5**	**0.6**	**0.1**	**0.5**	**0.2**	**0.2**	**0.1**	**0.4**	**0.1**	**0.2**	**0.4**	**0.2**	**0.2**
EU 25 avera	**-2.6**	**2.9**	**0.3**	**0.6**	**0.4**	**0.1**	**-0.2**	**0.1**	**0.2**	**-0.2**	**0.0**	**-0.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**	**0.0**	**0.0**

Stock flow adjustment to General government - 2002

October 2006 EDP notification

	Net borrowing(+)/lending(-)(EDP B.9) of general government (S.13)* (1)	Change in general government (S.13) consolidated gross debt (2) (2)	Stock - floS adjustment (SFA) (3) =(2)+(1)=(4)+(10)+(19)	Net acquisition (+) of financial assets (3) (4) =(5)+(6)+(7)+(8)+(9)	Currency and deposits (F.2) (5)	Securities other than shares (F.3) (6)	Loans (F.4) (7)	Shares and other equity (F.5) (8)	Other financial assets (F.1, F.6 and F.7) (9)	Adjustments (10)=(11)+(12)+(13)+(14)+(15)+(16)+(17)	Net incurrence (-) of liabilities in financial derivatives (F.34) (11)	Net incurrence (-) of other liabilities (F.6 and F.7) (12)	Issuances above(-)/below(+) par (13)	Difference between interest (EDP D.41) accrued(-) and paid(4)(+) (14)	Redemptions of debt above(+)/below(-) par (15)	Appreciation(+)/depreciation(-)(5) of foreign-currency debt (6) (16)	Changes in sector classification (K.12.1)(6) (+/-) (17)	Other volume changes in financial liabilities (K.7, K.8, K.10)(6)(-) (18)	Statistical discrepancies (19) =(20)+(21)	Difference between financial and capital accounts (B.9f-B.9)* (20)	Other statistical discrepancies (+/-) (21)
EU 25	**-2.3**	2.0	-0.3	0.2	0.0	0.1	0.1	-0.1	0.1	-0.5	0.0	-0.1	0.1	0.0	-0.3	-0.1	0.0	0.0	0.0	NC	NC
Eurozone	**-2.5**	2.1	-0.4	0.2	0.0	0.0	0.0	0.0	0.1	-0.7	0.0	-0.2	0.1	0.0	-0.4	-0.1	0.0	0.0	0.1	0.0	0.1
BE	0.0	0.4	0.4	-0.5	-0.2	0.0	0.0	0.0	-0.3	0.5	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.1	0.4	0.4	0.0
CZ	-6.8	4.5	-2.3	-2.4	2.1	-0.5	1.4	-4.5	-0.9	0.1	0.0	-0.6	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0
DK	1.2	0.7	1.9	2.2	0.5	4.3	0.7	-3.1	-0.1	-0.3	0.1	0.0	0.4	-0.2	0.0	-0.6	0.0	0.0	0.0	0.0	0.0
DE	-3.7	2.4	-1.3	-1.3	-0.7	0.0	0.0	-0.4	-0.2	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
EE	0.4	1.3	1.7	3.3	0.9	2.7	-0.1	-0.9	0.6	-1.3	0.0	-1.0	0.0	0.0	-0.1	0.0	0.0	-0.3	-0.2	-0.2	0.0
EL	-5.2	4.9	-0.3	0.7	0.1	0.1	0.1	0.2	0.3	-1.1	0.0	-0.7	-0.2	0.1	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
ES	-0.3	0.7	0.5	1.2	1.1	0.0	0.2	-0.2	0.0	-0.7	0.0	-0.3	0.1	-0.1	0.0	-0.2	0.0	-0.2	0.0	0.0	0.0
FR	-3.2	3.8	0.7	1.0	0.9	-0.3	-0.1	0.1	0.3	-0.4	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
IE	-0.4	0.3	-0.1	0.2	-5.2	1.0	0.2	3.8	0.3	-0.3	-0.4	-0.1	0.3	-0.1	-0.4	0.3	0.0	0.0	0.0	0.0	0.0
IT	-2.9	0.8	-2.1	0.4	0.1	-0.2	0.2	0.0	0.3	-2.6	0.0	-0.1	0.3	-0.2	-2.3	-0.3	0.0	0.0	0.1	0.0	0.1
CY	-4.4	5.9	1.5	1.4	0.8	0.0	0.2	0.0	0.4	0.2	0.0	0.0	-0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
LV	-2.3	0.8	-1.5	-1.1	-0.8	0.0	0.1	-0.5	0.1	-0.5	0.0	-0.5	0.0	-0.2	0.0	0.3	0.0	0.0	0.1	0.1	0.0
LT	-1.5	0.9	-0.6	1.0	1.2	NA	0.2	-0.6	0.1	-0.9	NA	0.1	0.0	0.0	NA	-1.0	0.0	0.0	-0.6	-0.6	0.0
LU	2.1	0.4	2.5	1.8	1.6	0.3	-0.2	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.8	ND	ND
HU	-8.2	9.0	0.8	-0.3	-1.7	-0.3	0.0	1.1	0.6	0.7	0.3	0.8	0.3	-0.1	0.0	-0.6	0.0	0.0	0.4	0.4	0.0
MT	-5.5	1.5	-3.9	-3.1	-1.1	-0.1	0.0	-2.1	0.3	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	-0.6	0.0	-0.6
NL	-2.0	1.7	-0.3	0.1	-0.2	0.0	-0.1	0.0	0.4	-0.4	0.0	-0.3	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
AT	-0.5	1.3	0.8	1.3	-0.3	1.8	-0.5	0.2	0.1	0.0	-0.2	0.3	0.0	0.1	0.0	-0.2	0.0	0.0	-0.5	-0.2	-0.3
PL	-3.2	5.2	2.0	1.0	0.0	0.0	0.1	0.3	0.7	0.9	NA	0.1	-0.2	0.1	NA	0.8	NA	NA	0.1	NA	0.1
PT	-2.9	5.1	2.2	2.8	1.2	0.5	0.2	0.4	0.5	-0.6	0.0	-0.4	0.0	-0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0
SI	-2.5	4.3	1.8	0.0	2.1	0.3	0.1	-3.0	0.5	0.2	0.0	-0.2	0.0	-0.1	0.0	0.4	0.0	0.1	1.6	ND	ND
SK	-7.7	-1.6	-9.2	-9.4	8.3	-0.2	-3.4	-13.3	-0.9	0.1	0.0	0.7	0.2	-0.2	0.0	-0.7	0.0	0.0	0.1	0.0	0.1
FI	4.1	0.2	4.3	4.5	0.7	2.2	0.1	1.2	0.3	-0.4	0.0	-0.3	0.0	0.2	0.2	-0.6	0.0	0.0	0.3	0.3	0.0
SE	-0.2	0.0	-0.2	2.5	-0.2	0.3	0.1	2.3	0.0	-0.9	0.0	0.0	-0.3	0.2	0.1	-0.9	0.0	0.0	-1.9	-1.8	0.0
UK	-1.7	1.4	-0.3	-0.3	-0.3	0.1	0.1	0.0	-0.3	0.3	0.0	0.1	0.1	-0.1	0.1	0.0	0.0	0.2	-0.3	0.1	-0.3
EU 25	**-2.3**	2.0	-0.3	0.2	0.0	0.1	0.1	-0.1	0.1	-0.5	0.0	-0.1	0.1	0.0	-0.3	-0.1	0.0	0.0	0.0	NC	NC
Eurozone	**-2.5**	2.1	-0.4	0.2	0.0	0.0	0.0	0.0	0.1	-0.7	0.0	-0.2	0.1	0.0	-0.4	-0.1	0.0	0.0	0.1	0.0	0.1
EU 25 stvdev	**3.0**	**2.4**	**2.6**	**2.6**	**2.2**	**1.1**	**0.8**	**3.1**	**0.4**	**0.7**	**0.1**	**0.4**	**0.2**	**0.1**	**0.5**	**0.4**	**0.1**	**0.1**	**0.6**	**0.4**	**0.2**
EU 25 avera	**-2.3**	**2.2**	**0.0**	**0.3**	**0.4**	**0.5**	**0.0**	**-0.7**	**0.1**	**-0.3**	**0.0**	**-0.1**	**0.0**	**0.0**	**-0.1**	**-0.1**	**0.0**	**0.0**	**0.0**	**-0.1**	**0.0**

METHODOLOGICAL ANNEX

Reminder: The **Legal base** for the excessive deficit procedure is Article 104 of the Treaty on Establishing the European Community and Protocol V annexed to the treaty. Article 104 states that:

1. Member States shall avoid excessive government deficits.
2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:
(a) whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless:
- either the ratio has declined substantially and continuously and reached a level that comes close to the reference value,
- or, alternatively, the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value;
(b) whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.

The ratios set are 3% for the deficit and 60% for the government debt in the annexed Protocol.

Source of fiscal data: Council Regulation 3605/93 as amended defines the data to be reported by Member States to the European Commission in the context of the EDP[2]: the notification tables 1-4. The basis for the comments and graphs in this document is mostly table 3A, namely the table "*Provision of the data which explain the contributions of the deficit/surplus and the other relevant factors to the variation in the debt level (general government)*".

Detailed data, including tables as reported by Member states, can be found on the Eurostat website in the free data section as well as in the dedicated *Government Finance Statistics* Section.

Deficit: The Protocol on the excessive deficit procedure annexed to the Treaty requires that the government deficit or surplus is the net borrowing or net lending as defined by the European System of Accounts (ESA) of the general government sector [5].
The net lending/net borrowing (B.9) is the balancing item of the capital account in ESA95. It is also calculated as the difference between total revenue and total expenditure of the general government sector defined in the Commission Regulation 1500/2000 amending ESA95 to include the definition of total expenditure and total revenue of general government. See, for further details on B.9 of general government, ESA95 § 8.49-8.50.
The EDP B.9 (i.e. the deficit relevant to fiscal surveillance) differs from B.9 by the "stream of payments on swaps and forward rate agreements", which are included in interest for EDP procedure (EDP D.41), but which are not included in interest in the framework of ESA95 (D.41).

Government gross debt:[4] According to the protocol annexed to the Treaty, the government debt is the gross debt outstanding at the end of the year of the general government sector[5] measured at nominal value and consolidated. Council Regulation (CR) 3605/93[6], as amended, defines further the government debt as the sum of government liabilities in currency and deposits (AF.2), in securities other than shares, excluding financial derivatives (A.F.33) and in loans (AF.4). It further defines that nominal value excludes accrued interest and corresponds to securities at face value.

Consolidation: Member States debt data should be reported consolidated at the level of the general government sector. Consolidation means presenting a grouping of units as if they were one unique institutional unit. This involves the elimination from both uses/assets and resources/liabilities of all reciprocal transactions as well as revaluations, other changes in volumes and stocks that occur between units which belong to the same grouping: in this case sector or sub-sector[7]. Government gross debt to be consolidated: therefore holdings of government debt by government units must be excluded. By the same token, all items reported in table 3A should be also presented on a consolidated basis: not only those related to transactions (e.g. a loan given by central government to a local government unit should be removed from the calculation of the consolidated debt of general government sector), but also valuation adjustments (such as issuance and redemptions as well as foreign exchange valuation) and other economic flows adjustments (other volume changes in financial liabilities.

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[3] *Excessive Deficit Procedure (EDP) reporting as requested in the Protocol annexed to the Treaty on European Union (see Official Journal C 191 of 29 July 1992) and related legal acts.*

[4] *The outstanding general government consolidated debt at the end of each year is provided by Member States in table 1 of the EDP notification, according to the European legislation.*

[5] *ESA95 §2.68-70 describes the general government sector as the institutional sector mainly producing non-market output intended for individual and collective consumption, and mainly financed by compulsory payments and /or principally engaged in redistribution of national income and wealth. For more information on general government sector see also ESA95 §1.28, §2.68-74 and Tables 2.1 and A IV.5.notably*

[6] *Official Journal L332, 31.12.1993, 9.7. Regulation as last amended by Commission Regulation (EC) No 351/2002 (OJ L 55, 26.2.2002, p.23).*

[7] *See ESA95 § 1.58 and SNA § 2.80-2.84.*