

Government expenditure on economic affairs

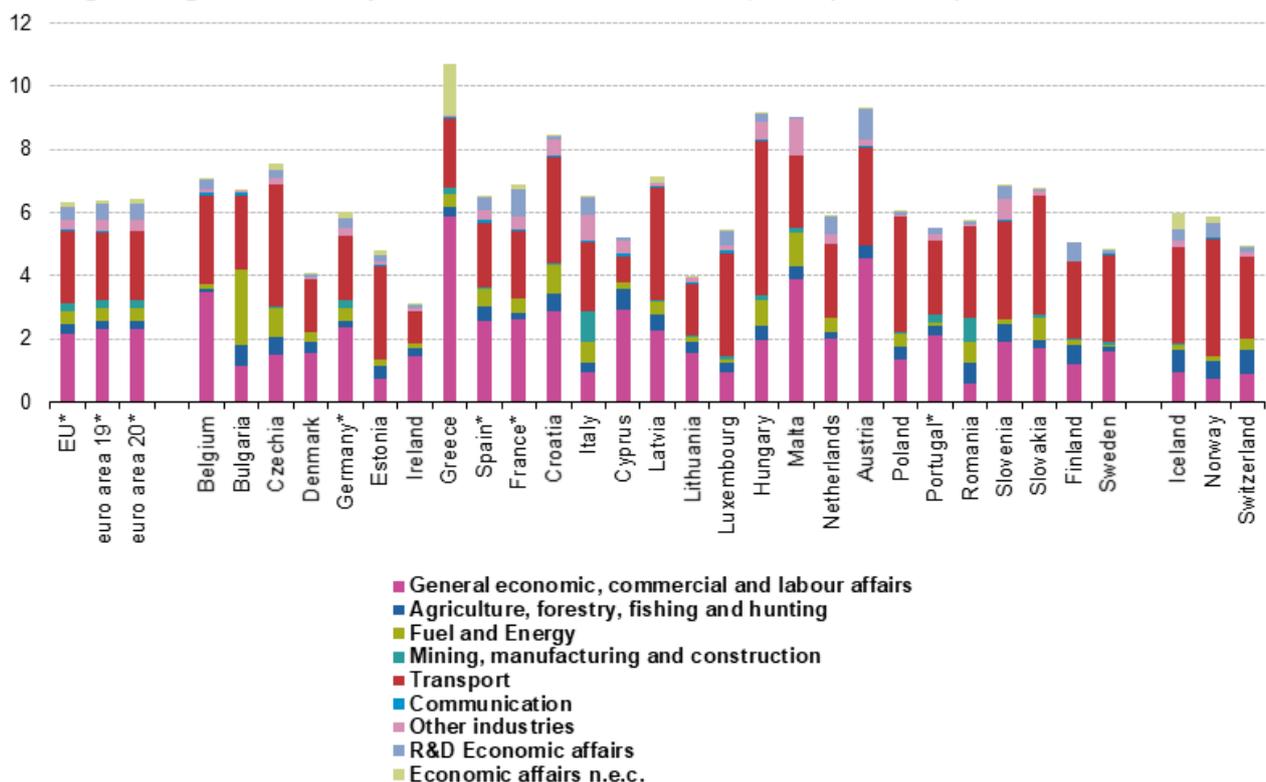
Statistics Explained

Data extracted in February 2023

Planned article update: 5 March 2024

" General government expenditure in the EU on economic affairs amounted to € 918 billion that is 6.3 % of GDP in 2021. "

Total general government expenditure on 'economic affairs', 2021 (% of GDP)



* provisional

Source: Eurostat (gov_10a_exp)

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Total general government expenditure on economic affairs, 2021 (% of GDP) - Source: Eurostat (gov_10a_exp)

This article analyses data on [general government expenditure](#) on 'economic affairs' (according to the [Classification of the Functions of Government - COFOG](#)). It is part of a [set of statistical articles](#) based on general government expenditure by function.

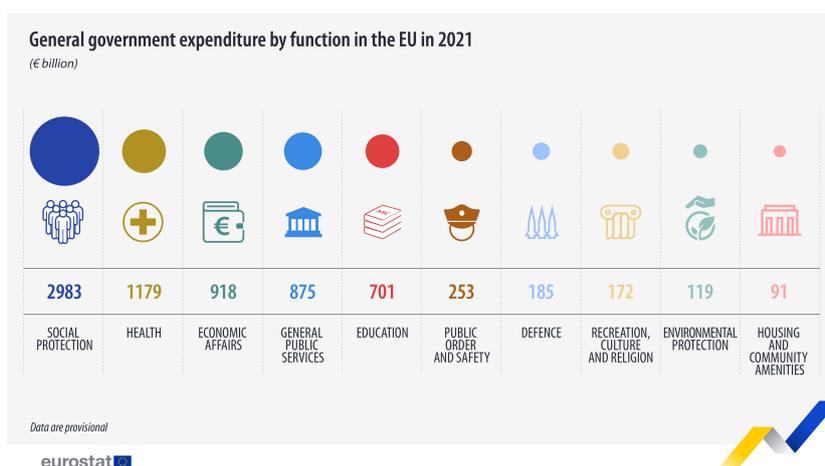
Eurostat collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG) in the framework of the European System of National Accounts (ESA 2010).

Expenditure on 'economic affairs'

Government expenditure on 'economic affairs' at the level of the reporting countries exhibits considerable variability over time as recorded amounts may be influenced by operations of an extraordinary nature, such as disposal of non-financial non-produced assets (recorded as negative expenditure) and capital injections recorded as capital transfers. Such capital injections are notably benefitting financial institutions and public corporations. Other extraordinary capital transfers comprise guarantee calls. Furthermore, the majority of subsidies granted to producers are recorded in this division.

In 2021 in the EU, total expenditure of general government on 'economic affairs' represented 6.3 % of GDP, an increase compared to 2020 (0.2 percentage points). For the years 2020 and 2021 this division was highly impacted by the COVID-19 pandemic as governments introduced measures to mitigate its effects, most notably by furlough schemes recorded as subsidies to the employer, other subsidies introduced in the context of the COVID-19 pandemic and capital injections recorded as capital transfers. Besides variability over time, there are also considerable variations at the level of Member States.

Within the division 'economic affairs', at the level of the EU in 2021, the highest ratio to GDP represented expenditure related to 'transport' (2.3 % of GDP), followed by expenditure on 'general economic, commercial and labour affairs' (2.2 % of GDP). 'Research and development related to economic affairs' as well as 'fuel and energy' accounted both for 0.4 % of GDP. 'Agriculture, forestry and fishing' and economic affairs related to 'other industries' both made up 0.3 % of GDP, 'mining, manufacturing and construction' accounted for 0.2 % of GDP and 'expenditure not elsewhere classified' (n.e.c.) amounted to 0.1 % of GDP. 'Communication' had a minor share in the division of only 0.04 % of GDP.



In the EU, a large part of expenditure on agriculture, forestry and fisheries falls within the competency of the EU. As a consequence, expenditure of national governments of EU Member States in this group tends to be smaller in comparison with EFTA and other countries. Iceland and Switzerland recorded 0.7 % of GDP in this group.

Capital injections into financial institutions recorded as capital transfers explain the relatively high figures for some countries over the time period. Such expenditure is recorded in COFOG group 'general economic, commercial and labour affairs'. In 2020 and 2021 also capital transfers, including investments grants, in relation to 'mining,

manufacturing and construction' and 'transport' increased noticeably.

In 2021, government expenditure reported by countries on economic affairs ranged between 3.1 % of GDP and 10.7 % of GDP

Total general government expenditure on economic affairs, 2021, % of GDP

	Economic affairs	General economic, commercial and labour affairs	Agriculture, forestry, fishing and hunting	Fuel and Energy	Mining, manufacturing and construction	Transport	Communication	Other industries	R&D Economic affairs	Economic affairs n.e.c.
EU*	6.3	2.2	0.3	0.4	0.2	2.3	0.0	0.3	0.4	0.1
euro area 19*	6.4	2.3	0.3	0.4	0.2	2.2	0.0	0.4	0.5	0.1
euro area 20*	6.4	2.3	0.3	0.4	0.2	2.2	0.0	0.4	0.5	0.1
Belgium	7.1	3.5	0.1	0.1	0.0	2.8	0.1	0.1	0.3	0.0
Bulgaria	6.7	1.1	0.7	2.4	0.0	2.3	0.1	0.1	0.0	0.0
Czechia	7.5	1.5	0.6	0.9	0.0	3.9	0.0	0.2	0.2	0.2
Denmark	4.1	1.6	0.3	0.3	0.0	1.7	0.0	0.1	0.1	0.0
Germany*	6.0	2.3	0.2	0.4	0.2	2.0	0.0	0.3	0.3	0.2
Estonia	4.8	0.7	0.4	0.2	0.0	2.9	0.0	0.1	0.2	0.2
Ireland	3.1	1.5	0.2	0.1	0.0	1.0	0.0	0.1	0.1	0.0
Greece	10.7	5.8	0.4	0.4	0.2	2.2	0.0	0.0	0.0	1.6
Spain*	6.5	2.6	0.4	0.6	0.1	2.0	0.1	0.3	0.4	0.0
France*	6.9	2.6	0.2	0.5	0.0	2.1	0.0	0.4	0.8	0.1
Croatia	8.5	2.9	0.6	0.9	0.1	3.4	0.0	0.5	0.1	0.1
Italy	6.6	0.9	0.3	0.7	0.9	2.2	0.1	0.8	0.6	0.1
Cyprus	5.2	2.9	0.7	0.2	0.0	0.8	0.1	0.4	0.1	0.0
Latvia	7.2	2.3	0.5	0.4	0.0	3.6	0.1	0.1	0.0	0.2
Lithuania	4.0	1.5	0.4	0.1	0.0	1.6	0.1	0.1	0.0	0.1
Luxembourg	5.4	1.0	0.3	0.1	0.1	3.3	0.1	0.2	0.4	0.0
Hungary	9.2	2.0	0.5	0.8	0.1	4.9	0.0	0.6	0.3	0.1
Malta	9.0	3.9	0.4	1.1	0.2	2.3	0.0	1.1	0.0	0.0
Netherlands	5.9	2.0	0.2	0.5	0.0	2.3	0.0	0.3	0.5	0.0
Austria	9.3	4.6	0.4	0.0	0.0	3.1	0.1	0.2	1.0	0.0
Poland	6.1	1.3	0.4	0.4	0.1	3.6	0.0	0.0	0.1	0.0
Portugal*	5.5	2.1	0.3	0.1	0.2	2.3	0.0	0.2	0.2	0.0
Romania	5.8	0.6	0.7	0.7	0.8	2.9	0.0	0.0	0.1	0.1
Slovenia	6.8	1.9	0.6	0.2	0.0	3.1	0.0	0.7	0.4	0.0
Slovakia	6.8	1.7	0.3	0.7	0.1	3.8	0.0	0.1	0.0	0.1
Finland	5.0	1.2	0.6	0.1	0.0	2.4	0.0	0.0	0.6	0.0
Sweden	4.8	1.6	0.1	0.1	0.1	2.7	0.0	0.0	0.1	0.0
Iceland	6.0	1.0	0.7	0.2	0.0	3.0	0.0	0.2	0.3	0.5
Norway	5.9	0.8	0.5	0.2	0.0	3.7	0.1	0.0	0.5	0.2
Switzerland	4.9	0.9	0.7	0.4	0.0	2.6	0.0	0.2	0.1	0.0

Source: Eurostat (gov_10a_exp)

* provisional

eurostat 

Table 1: Total general government expenditure on economic affairs, 2021 (% of GDP) - Source: Eurostat (gov_10a_exp)

For 2021, Greece reported the highest amount for 'economic affairs' expressed as ratio to GDP (10.7 %), followed by Austria (9.3 %), Hungary (9.2 %), Malta (9.0 %) and Croatia (8.5 %). Iceland reported the highest amount of the EFTA countries (6.0 %). The lowest amounts of government expenditure were found in Ireland (3.1 %), Lithuania (4.0 %) and Denmark (4.1 %).

The importance of the 'economic affairs' division is highly dependent on the amount of subsidies given to public or private transportation companies. Expenditure of transport companies (including those responsible for transport infrastructure), that are classified within the general government sector, are even more important contributors to this functional group. In particular capital investments (gross capital formation) is dominant in this group. In 2021, the highest expenditure to GDP ratios for 'transport' were recorded in Hungary (4.9 %), Czechia (3.9 %), Slovakia (3.8 %), Latvia and Poland (3.6 %), as well as Norway (3.7 %). By contrast, the lowest level of expenditure in 'transport' in relation to GDP was observed in Cyprus (0.8 %).

In 2021, the highest amounts recorded for 'general economic, commercial and labour affairs' were for Greece (5.8 % of GDP), Austria (4.6 % of GDP) and Malta (3.9% of GDP). In this functional group the labour market measures to mitigate the effects of the COVID-19 pandemic (e.g. furlough schemes) were recorded as well as other subsidies granted irrespective of industry.

Expenditure on 'economic affairs' continues to grow in 2021 after the strong relative increase in 2020 compared to 2019

Overall, EU general government expenditure grew from € 7 111 billion in 2020 to € 7 475 billion in 2021, with increases observed across all functions of expenditure. However, the strongest relative increase continues to be observed for expenditure on 'economic affairs', mostly due to government measures taken to counterbalance the negative economic effects of the COVID-19 pandemic, for example by providing subsidies to businesses affected by the pandemic, capital injections (e.g. for transport companies) and furlough schemes (insofar as these are recorded as subsidies, that is considered to primarily provide general support to the labour market; some furlough schemes are recorded in social protection if they are deemed to primarily support the affected employees).

At the level of the EU, expenditure on 'economic affairs' increased by € 96 billion between 2020 and 2021 (from € 822 billion to € 918 billion), implying that, approximately, more than one quarter of the overall increase in general government expenditure was due to economic affairs. Consequently, the share of 'economic affairs' expenditure in total expenditure continued to increase from 11.6 % in 2020 to 12.3 % in 2021, that is the highest share since 1995 (13.6 % of total expenditure due to a one-off event in Germany).

Subsidies are the most important form of expenditure within 'economic affairs'

In 2021, at the level of the EU, subsidies were the most important part of expenditure on economic affairs, with a share of 37 %, followed by capital investments (17 %), capital transfers (17 %), intermediate consumption (14 %) and compensation of employees (wages, salaries and employers' social contributions) (11 %).

Source data for tables and graphs

The detailed tables are available [here](#).

Data sources and availability

Reporting of data to Eurostat

Annual government finance statistics (GFS) data are collected by Eurostat on the basis of the European System of Accounts (ESA 2010) transmission programme. Member States are requested to transmit, among other tables, table 1100, 'Expenditure of general government by function' twelve months after the end of the reference period. Table 1100 provides information about expenditure of the general government sector divided into main COFOG functions and ESA 2010 categories. The transmission of the COFOG I level breakdown (divisions) is compulsory for the years 1995 onwards, whereas information on the COFOG II level (COFOG groups) is provided on a compulsory basis for the reference years 2001 onwards. The main reference year used in this publication is 2021 as the latest year available at EU level.

Data was extracted on 22 February 2023.

Provisional data

While a significant effort was undertaken to harmonise the recording of government measures to mitigate the economic and social impact of the COVID-19 pandemic, a full harmonisation of data for the reference years 2020 and 2021 was not yet achieved. The likelihood of future revisions is thus higher than usual and EU and euro area data is provisional for 2021.

Data for the EU and euro area aggregates (2021), Germany (2019-2021), Spain (2021), France (2020-2021) and Portugal (2021) is provisional.

Definition of general government and its subsectors

The data relate to the general government sector of the economy, as defined in ESA 2010, paragraph 2.111: 'The

general government sector (S.13) consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth'.

Classification of functional expenditure of government

The Classification of the Functions of Government (COFOG) classifies government expenditure into ten main categories (divisions known as the 'COFOG I level' breakdown): general public services; defence; public order and safety; economic affairs; environmental protection; housing and community affairs; health; recreation, culture and religion; education; social protection. These divisions are further broken down into 'groups' (COFOG II level).

For 'economic affairs', the groups are

- 'general economic, commercial and labour affairs',
- 'agriculture, forestry, fishing and hunting',
- 'fuel and energy',
- 'mining, manufacturing and construction',
- 'transport',
- 'communication',
- 'other industries',
- 'R&D economic affairs',
- 'economic affairs n.e.c.'

Further information is available in the Eurostat [Manual on sources and methods for the compilation of COFOG Statistics](#).

COFOG level II data

The provision of COFOG level II data has become compulsory with the introduction of ESA 2010. The development of COFOG level II data is not completed in many Member States and data needs to be looked at with this in consideration.

Satellite accounts

Administrative expenditure data is additionally collected in so-called satellite accounts. In general, the amount of expenditure recorded in satellite accounts is expected to exceed the expenditure recorded under the respective COFOG division. More details on the comparability of COFOG data with satellite accounts data can be found in the COFOG manual.

Definition of general government total expenditure

Government total expenditure is defined in ESA 2010, paragraph 8.100 by using as reference a list of ESA 2010 categories.

Government total expenditure comprises the following categories:

- P.2, 'intermediate consumption': the purchase of goods and services by government;
- P.5, 'gross capital formation' consists of: (a) gross fixed capital formation (P.51g); (b) changes in inventories (P.52); (c) acquisitions less disposals of valuables (P.53); where
- P.51g, 'gross fixed capital formation': consists of acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year;

- D.1, 'compensation of employees': the wages of government employees plus non-wage costs such as social contributions;
- D.29, 'other taxes on production, payable';
- D.3, 'subsidies, payable';
- D.4, 'property income, payable', consists of : (a) 'interest, payable' (D.41) and (b) 'other property income, payable' (D.42+D.43+D.44+D.45), where
- D.41, 'interest': excludes settlements under swaps and forward rate arrangements, as these are treated as financial transactions in the ESA 2010;
- D.5, 'current taxes on income, wealth, etc, payable';
- D.62, social payments: cover social benefits and pensions paid in cash;
- D.632, 'social transfers in kind - purchased market production';
- D.7, 'other current transfers, payable';
- D.8, 'adjustments for the change in pension entitlements';
- D.9, 'capital transfers payable';
- NP, 'acquisitions less disposals of non-financial non-produced assets': public investment spending. Non-financial non-produced assets consist of land and other tangible non-produced assets that may be used in the production of goods and services, and intangible non-produced assets.
- Capital investments includes P.5 and NP.
- Other current expenditure includes D.29, D.5 and D.8.

Gross Domestic Product

Throughout this publication, nominal GDP, i.e. GDP at current prices is used.

Time of recording & symbol

In the ESA 2010 system, recording is in principle on an accrual basis, that is, when 'economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.'

":" not available

"pp" percentage points

More data and information

For more country-specific notes, e.g. on missing data, please refer to the metadata published on Eurobase. The authors can be contacted at ESTAT-GFS@ec.europa.eu

Context

In the framework of the European System of National Accounts (ESA 2010), Eurostat collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG) – see methodological note.

Other articles

- [Government expenditure by function](#) - online publication
- [Government finance statistics](#)
- [Government finance statistics - quarterly data](#)
- [Structure of government debt](#)
- [Tax revenue statistics](#)

Main tables

- [Government finance Statistics](#) , see:

Government statistics (t_gov)

Annual government finance statistics (t_gov_10a)

Database

- [Government finance statistics](#) , see:

Government statistics (gov)

Government finance statistics (EDP and ESA2010) (gov_gfs10)

Annual government finance statistics (gov_10a)

Government revenue, expenditure and main aggregates (gov_10a_main)

General government expenditure by function (COFOG) (gov_10a_exp)

Main national accounts tax aggregates (gov_10a_tax_ag)

Dedicated section

- [Government finance statistics](#)

Methodology

- [Government revenue, expenditure and main aggregates](#) (ESMS metadata file — gov_10a_main_esms)
- [General government expenditure by function \(COFOG\)](#) (ESMS metadata file — gov_10a_exp_esms)
- [Manual on government deficit and debt — implementation of ESA 2010 — 2022 edition](#)

Legislation

- [European system of accounts - ESA 2010](#)
- [Manual on sources and methods for the compilation of COFOG statistics - Classifications of the Functions of Government - 2019 edition](#)
- [Manual on government deficit and debt — implementation of ESA 2010 — 2019 edition](#)