

Glossary: Excessive deficit procedure (EDP)

Statistics Explained

The **Excessive deficit procedure**, abbreviated as **EDP**, is an action launched by the [European Commission](#) against any [European Union \(EU\)](#) Member State that exceeds the [budgetary deficit](#) ceiling imposed by the EU's [Stability and growth pact](#) legislation. The procedure entails several steps, potentially culminating in sanctions, to encourage a Member State to get its budget deficit under control, a requirement for the smooth functioning of [Economic and monetary union \(EMU\)](#).

According to the "Protocol on the Excessive deficit procedure", annexed to the [Maastricht Treaty](#) on economic and monetary union, Member States in the [euro area](#) and euro area candidate countries must demonstrate sound public finances. There are two criteria:

- the budget deficit must not exceed 3 % of [gross domestic product \(GDP\)](#) ;
- [public debt](#) must not exceed 60 % of GDP.

For the sake of comparability between Member States, these criteria are measured on the basis of two economic categories from the [national accounts](#) framework:

- [net lending and net borrowing](#) ;
- gross debt at face value - including liabilities of [general government](#) in the following financial instruments: currency and deposits, debt securities and loans.

As part of the procedure and on the basis of [Council Regulation \(EC\) No 479/2009](#) as amended by [Commission Regulation \(EU\) No 220/2014](#), all Member States are requested to report their data to [Eurostat](#) before 1 April and 1 October each year. Following assessment of the quality of deficit and debt data provided and their compliance with national accounts rules ([European system of national and regional accounts](#)), Eurostat publishes, within three weeks after the deadline, the notified government deficit and debt data by way of a news release. When Eurostat has doubts on the quality of reported data, it may express reservations on the data of the Member State concerned. In addition to the notification periods, Eurostat maintains very close contacts with the national statistical institutes of Member States, by way of technical working group meetings, visits to Member States, exchange of correspondence, etc.

The respective National accounts and EDP definitions presented in the following table:

Further information

- [European Commission - Economic and Financial Affairs - The corrective arm / Excessive deficit procedure](#)

Related concepts

- [Economic and monetary union \(EMU\)](#)
- [Public balance](#)
- [Stability and growth pact \(SGP\)](#)

Statistical data

- [Government finance statistics](#)
- [Government finance statistics - quarterly data](#)

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|---|---|
| National accounts (ESA 2010) | Excessive deficit procedure (EDP) |
| Net lending (+)/ net borrowing (-) | Government surplus / deficit (net lending/ borrowing under EDP) |
| <p>= (conceptually) net acquisition of financial assets less net incurrence of liabilities or</p> <p>= gross saving (defined as gross disposable income less final consumption expenditure) less net capital transfers less gross acquisitions less disposals of non-financial assets , or</p> <p>= total revenue less total expenditure</p> | <p>= net lending (+)/ net borrowing (-) of 'general government' (as defined in ESA 2010)</p> |
| Liabilities | Government consolidated gross debt ("Maastricht debt") |
| <p>eight categories of (instruments in) liabilities:</p> <ul style="list-style-type: none"> • monetary gold and special drawing rights • currency and deposits, • debt securities, • loans, • equity and investment fund shares, • insurance, pensions and standardised guarantees, • financial derivatives and employee stock options • other accounts, payable. | <p>sum of government liabilities as defined in ESA 2010 in:</p> <ul style="list-style-type: none"> • currency and deposits, • debt securities, • loans outstanding at the end of the year, <p>measured at nominal (face) value and consolidated.</p> |