

In the third quarter of 2012, euro area seasonally adjusted deficit remains stable, while EU-27 deficit increases

Growth in the EU-27 deficit influenced by a one-off operation in the United Kingdom in the second quarter of 2012

In the third quarter of 2012, the seasonally adjusted general government deficit to GDP ratio stood at -4.0% in the euro area (EA-17) and -4.4% in the European Union (EU-27). In the previous quarter it stood at -4.0% in the EA-17 and -3.2% in the EU-27. EU-27 and EA-17 general government total revenue amounted to 44.8 % and 46.8 % of GDP respectively, while total expenditure stood at 49.2 % and 50.8 % of GDP.

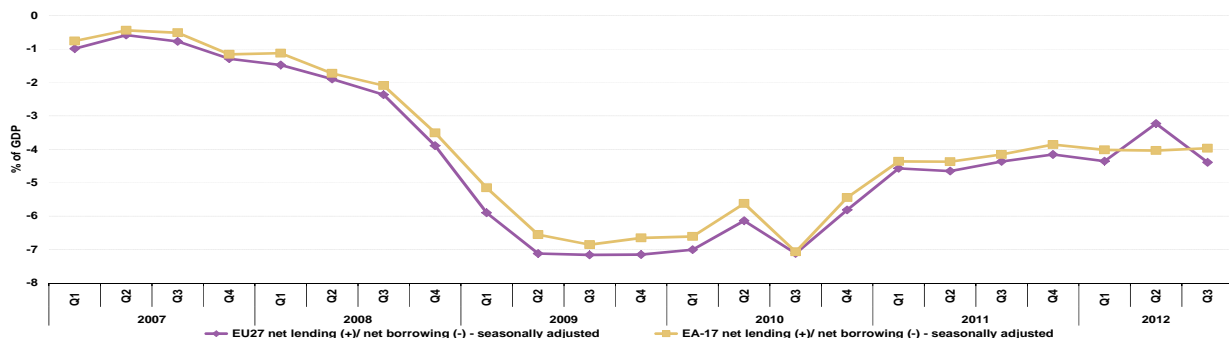
Table 1: Seasonally adjusted data, % of GDP, 2011Q4-2012Q3

	2011Q4	2012Q1	2012Q2	2012Q3
European Union (EU-27)				
net lending (+)/ net borrowing (-)	-4.2	-4.4	-3.2	-4.4
total expenditure	49.0	49.2	49.4	49.2
total revenue	44.9	44.8	46.2	44.8
Euro area (EA-17)				
net lending (+)/ net borrowing (-)	-3.9	-4.0	-4.0	-4.0
total expenditure	50.5	50.7	50.8	50.8
total revenue	46.6	46.7	46.8	46.8

Source: Eurostat (online data code: [gov_q_ggnfa](#))

Eurostat publishes for the first time seasonally adjusted and working day adjusted quarterly data

Figure 1: EU-27 and EA-17 quarterly government net lending (+)/ net borrowing (-), in % of quarterly GDP, seasonally adjusted, 2007Q1-2012Q3



Source: Eurostat (online data code: [gov_q_ggnfa](#), seasonally adjusted data: Eurostat estimates)

on government revenue, expenditure and surplus (+)/ deficit (-) for ten Member States and the EU aggregates, thus expanding on the [previous publication](#), which covered only EU aggregates. This publication is based on data transmitted to Eurostat at the end of December 2012 and includes data coverage of the first three quarters of 2012. It complements the [press release on quarterly debt](#).

Quarterly trends in government deficit

The differing evolution of the EA-17 and EU-27 in 2012Q2 and the corresponding quarter-on-quarter growth rates are largely due to a one-off event in the United Kingdom. The nationalisation of the Royal Mail pension scheme and corresponding assumption of assets in 2012Q2 recorded as a capital transfer to the general government sector had a positive impact of about 30 billion GBP on the EU-27 total. Without this exceptional transfer increasing total revenue in 2012Q2, the change in the EU-27 deficit between 2012Q2 and 2012Q3 would have been around -0.3 percentage points of GDP (pp) rather than the -1. pp observed.

Eleven countries publish seasonally adjusted deficit data

Table 2: Seasonally adjusted net lending (+)/ net borrowing, by country, in % of GDP and change on the previous quarter in pp of GDP, 2011Q4-2012Q3

	% of GDP				Change on the previous quarter in pp of GDP			
	2011Q4	2012Q1	2012Q2	2012Q3	2011Q4	2012Q1	2012Q2	2012Q3
European Union (EU-27)	-4.2	-4.4	-3.2	-4.4	0.2	-0.2	1.2	-1.2
Euro area (EA-17)	-3.9	-4.0	-4.0	-4.0	0.3	-0.1	-0.1	0.1
Belgium	-3.5	-2.8	-4.0	-4.1	0.8	0.7	-1.2	-0.1
Bulgaria	-1.8	-2.2	0.2	1.1	-1.0	-0.4	2.4	0.9
Czech Republic	-2.9	-3.5	-3.1	-2.5	0.0	-0.6	0.3	0.7
Estonia	0.2	-0.1	-0.3	-0.8	0.2	-0.3	-0.2	-0.5
Latvia	-3.4	-0.2	-0.7	-0.9	-0.2	3.2	-0.5	-0.2
Austria	-1.4	-3.7	-5.0	-2.8	2.3	-2.3	-1.3	2.2
Slovenia	-5.4	-5.2	-1.4	-5.2	0.6	0.2	3.8	-3.8
Slovakia	-4.6	-5.5	-5.3	-5.4	0.2	-0.9	0.2	-0.1
Finland	-1.3	-0.2	-1.0	-1.1	-2.1	1.1	-0.8	-0.1
Sweden	0.0	0.3	0.0	-0.3	-0.2	0.4	-0.3	-0.3
Switzerland	0.6	0.3	0.0	-0.1	0.0	-0.3	-0.3	-0.1

Source: Eurostat (online data code: [gov_q_ggnfa](#))

Non-seasonally adjusted data is available for 30 countries

Table 3: General government quarterly net lending (+)/ net borrowing (-), non-adjusted data, by country, in million of national currency and in % of GDP, 2012Q1-2012Q3

		Millions of national currency			Absolute change on a year earlier (millions of national currency)		In percentage of GDP			Change on the previous year in pp of GDP	
		2012Q1	2012Q2	2012Q3	2012Q3 - 2011Q3	2012Q1/Q2/Q3 - 2011Q1/Q2/Q3	2012Q1	2012Q2	2012Q3	2012Q3 - 2011Q3	2012Q1/Q2/Q3 - 2011Q1/Q2/Q3
EU27	euro	-148 157	-83 351	-146 204	-7 689	37 279	-4.7	-2.6	-4.5	0.0	0.5
EA17	euro	-117 983	-69 650	-104 175	1 477	20 616	-5.1	-2.9	-4.4	0.2	0.3
Belgium	euro	-7 177	1 405	-7 789	177	970	-7.8	1.5	-8.5	0.4	0.4
Bulgaria	BGN	-166	922	484	379	1 077	-1.1	4.9	2.2	1.6	1.9
Czech Republic	CZK	-39 751	-12 896	-16 428	7 466	10 723	-4.4	-1.3	-1.7	1.0	0.4
Denmark	DKK	-9 616	-22 438	-19 430	-10 200	-26 681	-2.2	-4.9	-4.3	-2.2	-1.9
Germany	euro	-	-	-	-	-	-	-	-	-	-
Estonia	euro	-163	87	57	-68	-257	-4.2	2.0	1.3	-2.2	-2.2
Ireland	euro	-4 365	-2 932	-4 944	6 593	6 989	-10.9	-7.0	-11.9	18.4	6.2
Greece	euro	-4 537	-4 393	-7 955	-2 401	330	-10.0	-8.9	-15.5	-4.0	-0.6
Spain	euro	-13 991	-31 176	-20 169	-2 107	-4 153	-5.4	-11.6	-8.0	-1.0	-0.6
France	euro	-	-	-	-	-	-	-	-	-	-
Italy	euro	-26 553	-9 283	-6 837	3 129	6 112	-7.0	-2.4	-1.8	0.9	0.5
Cyprus	euro	-148	-409	-31	-118	-49	-3.5	-9.0	-0.7	-2.7	-0.4
Latvia	LVL	66	147	4	74	292	1.9	3.9	0.1	2.4	2.7
Lithuania	LTL	-1 534	-613	-279	171	1 200	-6.1	-2.2	-0.9	1.0	1.7
Luxembourg	euro	-425	122	-206	-50	-659	-4.0	1.1	-1.9	-0.4	-2.0
Hungary	HUF	-270 326	-87 079	-17 309	345 053	-2 077 421	-4.3	-1.3	-0.2	5.6	-10.3
Malta	euro	-78	-61	-61	-28	-29	-5.0	-3.6	-3.4	-1.5	-0.5
Netherlands	euro	-2 364	-9 323	-9 848	-1 525	203	-1.6	-6.1	-6.9	-1.3	0.0
Austria	euro	-5 437	-3 332	-2 486	171	-2 725	-7.3	-4.3	-3.1	0.6	-1.1
Poland	PLN	-1 874	-8 399	-11 238	-5 478	13 032	-0.5	-2.2	-2.9	-1.2	1.3
Portugal	euro	-3 191	-2 407	-1 332	251	1 599	-7.8	-5.8	-3.2	0.7	1.1
Romania	RON	-2 509	-3 840	-814	3 679	6 282	-2.3	-2.8	-0.5	3.8	1.7
Slovenia	euro	-459	-323	-418	38	776	-5.4	-3.6	-4.6	0.8	2.8
Slovakia	euro	-936	-961	-598	-159	-302	-5.7	-5.4	-3.2	-0.4	-0.4
Finland	euro	183	1 945	-1 057	-1 299	-629	0.4	4.0	-2.2	-2.7	-0.5
Sweden	SEK	5 669	35 389	43	-2 293	-4 631	0.7	3.9	0.0	-0.3	-0.2
United Kingdom	GBP	-21 339	-9 326	-28 483	-4 817	23 269	-5.5	-2.5	-7.4	-1.2	2.2
Iceland	ISK	-8 242	-12 306	-15 640	-1 283	10 062	-3.5	-4.6	-3.4	-0.2	1.0
Norway	NOK	102 499	140 459	89 417	-5 478	33 419	13.8	19.7	12.8	-1.2	0.6
Switzerland	SFR	398	-28	-100	-907	-1 762	0.3	0.0	-0.1	-0.6	-0.4

Source: Eurostat (online data code: [gov_q_ggnfa](#))

Quarterly non-financial accounts for general government are published for all 27 Member States as well as three EFTA countries. For Germany and France, certain transactions, including net lending (+)/ net borrowing, are under embargo until all quarters of the current year are available.

When using non-adjusted data, quarter-on-quarter

growth rates should not be used and comparison between countries should be avoided, as the pattern of seasonality can differ significantly between countries. Therefore, year-on-year growth rates are used in table 3. Year-on-year growth rates are influenced both by events in the quarter of the previous year and the current year's quarter.

METHODOLOGICAL NOTES

Quarterly accounts of general government

Eurostat releases quarterly flow and stock data for the general government sector, using an integrated structure which combines the data from quarterly non-financial accounts for general government (QNFAGG), quarterly financial accounts for general government (QFAGG) and quarterly government debt (QGD). An [integrated publication combining data from all three tables](#) is released quarterly on the dedicated Government Finance Statistics (GFS) section of the Eurostat web site. The regulations on these three data flows are available on the [Eurostat web site in the section dedicated to government statistics](#).

ESA95

Fiscal non-financial and financial accounts data are compiled in accordance with national accounts rules, as laid down in the 1995 European System of Accounts (ESA95) adopted in the form of a Council and Parliament Regulation (EC) of 25 June 1996, [No 2223/96](#). The full text of [ESA95](#) is available on the Eurostat web site.

Quarterly non-financial accounts for general government (QNFAGG)

The aim of QNFAGG is to compile, report and present quarterly government expenditure, revenue and their components. Government revenue and expenditure are concepts used to analyse fiscal policy. Total revenue and total expenditure are defined in ways such that the ESA95 government net lending (+)/ net borrowing (-) (ESA95 B.9), is equal to the difference between the former and the latter.

Government quarterly revenue and expenditure, and their components are reported in the framework of the *European Parliament and Council Regulation (EC) No 1221/2002* on quarterly non-financial accounts for general government (QNFAGG).

In this publication the definition of net lending (+)/ net borrowing (-), also referred to as surplus (+)/ deficit (-) is applied as defined in Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community. This definition differs slightly from the one used for the purposes of the Excessive Deficit Procedure, which treats swaps and forwards non-financial transactions. In the definition used here, these are treated as financial transactions and thus do not impact the deficit. For most countries and the EU aggregates, the difference between the two measures is small.

General government

QNFAGG and QFAGG statistics cover data for general government.

According to ESA95, paragraph 2.68 "the sector general government (S.13) includes all institutional units which are other non-market producers [institutional units whose sales do not cover more than the 50% of the production costs, see ESA95 paragraph 3.26] whose output is intended for individual and collective consumption, and mainly financed by compulsory payments made by units belonging to other sectors and/or all institutional units principally engaged in the redistribution of national income and wealth".

Seasonal adjustment of selected data series

Quarterly government finance statistics are reported to Eurostat in the form of non-seasonally adjusted (raw) figures. However, a certain number of the reported series contain seasonal patterns (partly explained by the link with the seasonality of economic activity and by the budgetary planning and accounting practices of national governments), which make it difficult to carry out a direct meaningful

cross-country and time series analysis. The same is true for GDP, which reflects the seasonal pattern of all economic activities in the economy.

To overcome this difficulty and thus to gain a better understanding of trends in addition to the non-seasonally adjusted data, seasonally adjusted data is presented for the EU-27 in this publication. The seasonal adjustment for total revenue and total expenditure is done using an indirect procedure (at country level using Tramo-Seats in Demetra+).

Where available, National Statistical Institutes own estimates are used as input for the aggregates, which are supplied to Eurostat on a gentlemen's agreement basis. Some country level estimates as well as data for the EU aggregates are published on Eurobase and well as presented in this publication. These estimates are supplemented by Eurostat's own estimates for those countries, which do not yet supply their own estimate. This data is labelled confidential and not published.

Net lending (+)/ net borrowing (-) is derived indirectly from the accounting identity:

Net lending (+)/ net borrowing (-) = total revenue - total expenditure.

As concerns GDP, no independent estimate is derived. The results of the seasonal adjustment are subject to further tests and might be revised in the future.

Metadata of the seasonal adjustment can be found in the [QNFAGG metadata file](#) on Eurobase.

Revision policies/ country notes

The differing revision policies of EU Member States and EFTA countries reporting quarterly GFS data can be viewed in the [QNFAGG manual](#) as well as in the rmetadata file on Eurobase. Revisions are generally accepted by Eurostat.

The majority of countries revise quarterly QNFAGG data once more detailed sources used for the compilation of annual general government accounts become available; that is with the provision of quarterly data for the fourth quarter.

Please refer to the [country notes on EMIS](#) for important information at country level.

Gross domestic product

Throughout this publication, gross domestic product (GDP) at current prices (nominal) is used, either using the non-seasonally adjusted or the seasonally and working-day adjusted forms as appropriate.

Abbreviations

EA-17: euro area including Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.

EU-27: European Union of 27 Member States including euro area Member States as well as Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

More information/ acknowledgments

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Further information

Eurostat Website: <http://ec.europa.eu/eurostat>

Data on "Government finance statistics"

http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data/database

Further information about "Government finance statistics"

http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/introduction

Journalists can contact the media support service:

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