Beat: Politics

Euro area and EU28 government deficit at 2.4% and 2.9% of GDP respectively

Government debt at 91.9% and 86.8%

Madrid, 21.04.2015, 12:06 Time

USPA NEWS - In 2014, the government deficit of both the euro area (EA19) and the EU28 decreased in absolute terms compared with 2013, while the government debt1 rose in both zones. In the euro area the government deficit to GDP ratio decreased from 2.9% in 2013 to 2.4% in 2014.

In the EU28 from 3.2% to 2.9%. In the euro area the government debt to GDP ratio increased from 90.9% at the end of 2013 to 91.9% at the end of 2014, and in the EU28 from 85.5% to 86.8%. Last year, Denmark (+1.2%), Germany (+0.7%), Estonia and Luxembourg (+0.6% each) registered a government surplus, and the lowest government deficits in percentage of GDP were recorded in Lithuania (-0.7%), Latvia (-1.4%) and Romania (-1.5%). Twelve Member States had deficits higher than 3% of GDP: Cyprus (-8.8%), Spain (-5.8%), Croatia and the United Kingdom (both -5.7%), Slovenia (-4.9%), Portugal (-4.5%), Ireland (-4.1%), France (-4.0%), Greece (-3.5%), Belgium, Poland and Finland (all -3.2%).

At the end of 2014, the lowest ratios of government debt to GDP were recorded in Estonia (10.6%), Luxembourg (23.6%), Bulgaria (27.6%), Romania (39.8%) and Latvia (40.0%). Sixteen Member States had government debt ratios higher than 60% of GDP, with the highest registered in Greece (177.1%), Italy (132.1%), Portugal (130.2 %), Ireland (109.7%), Cyprus (107.5%) and Belgium (106.5%).

In 2014, government expenditure in the euro area was equivalent to 49.0% of GDP and government revenue to 46.6%. The figures for the EU28 were 48.1% and 45.2% respectively. In both zones, the government expenditure ratio decreased between 2013 and 2014, while the government revenue ratio remained stable for the euro area and slightly decreased for the EU28.

Eurostat expressed a reservation on the quality of the data reported by Bulgaria in relation to the sector classification of the Deposit Insurance Fund and the impact on the government deficit of the fund's repayment of the guaranteed deposits (3.7 bn BGN) in the Corporate Commercial Bank. The impact of the transaction will be assessed by Eurostat in cooperation with the Bulgarian statistical authorities during the coming months. This will most likely result in an increase of the government deficit.

Eurostat expressed too a reservation on the quality of the data reported by Portugal in relation to the capitalisation of Novo Banco. In the third quarter of 2014, the Portuguese Resolution Fund injected 4.9 bn euro (2.8% of GDP) into Novo Banco. In this EDP notification, the transaction has provisionally been recorded by the Portuguese authorities as a financial transaction for its full amount (due to lack of information) without any impact on the government deficit.

The final impact of the transaction will be assessed by Eurostat in cooperation with the Portuguese statistical authorities during the coming months following the outcome of the privatisation process of Novo Banco and the final amount which the Portuguese government will obtain from the sale. This will most likely result in an increase of the government deficit.

Article online:
https://www.uspa24.com/bericht-3881/euro-area-and-eu28-government-deficit-at-24-and-29-of-gdp-respectively.html

Editorial office and responsibility:
V.i.S.d.P. & Sect. 6 MDStV (German Interstate Media Services Agreement): Jose A. Martin

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