

## Financial Turmoil: its impact on quarterly government accounts

In recent years Eurostat has significantly expanded the range of integrated quarterly data available on government finances, providing a timely and increasingly high quality picture of the evolution of government finances in the EU. These data now reflect non-financial, financial and debt aspects, and cover all countries in the European Union. This publication examines the main features of these data as they reflect the lead-up to and stages on the economic and financial crisis, based on data transmitted by Member States at the end of September 2009. This publication complements the SiF recently published which provides an in-depth analysis of quarterly non-financial accounts (number 93/2009).

### Quarterly Non-Financial Accounts for General Government

**EU-27 government revenue and expenditure accounted for 44.4% in the second quarter of 2009 (2009Q2)**

EU-27 government revenue expressed in percentage of GDP steadily increased from 2004Q2 to 2007Q4 (see

Figure 1 below). In 2007Q4, the 4-quarter average of EU-27 government revenue represented 44.9% of GDP, the highest value in six years. Since then, the EU-27 government revenue-to-GDP ratio has been on a decreasing trend.

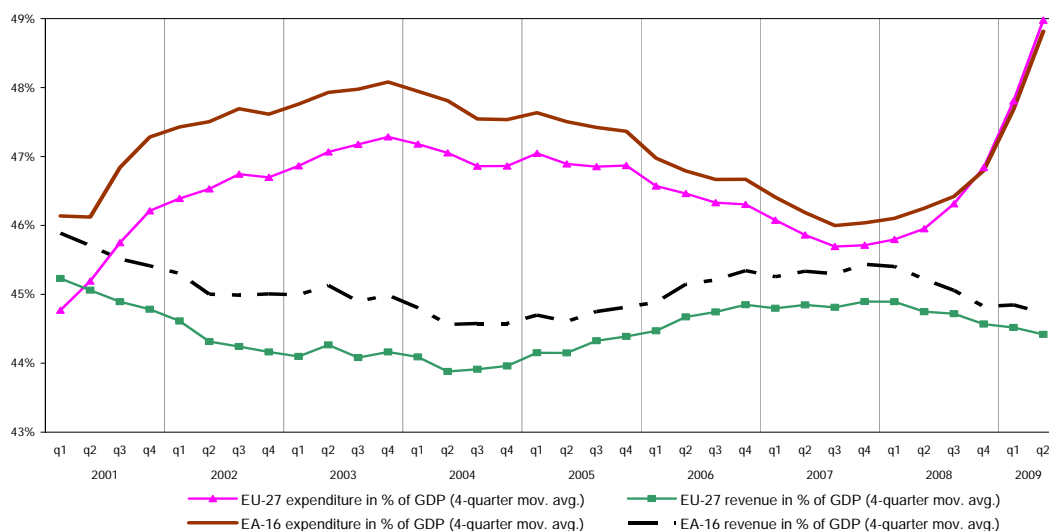
The development for EA-16 followed a similar path, but with a slightly higher government revenue-to-GDP ratio.

### EU-27 government expenditure-to-GDP ratio sharply increasing since 2007Q4

The average government expenditure-to-GDP ratio for the rolling period 2008Q3-2009Q2 reached 49.0% (see Figure 1); an increase of more than 3 percentage points in 6 quarters. Seven countries (Estonia, Ireland, Latvia, Lithuania, the UK, Slovenia and Greece) saw a relatively important increase (at least 5 percentage points) of their government expenditure-to-GDP figures in 6 quarters.

EA-16 expenditure in % of GDP was on average 0.5% higher in the EU-27, but this gap has narrowed substantially in the last 6 quarters.

**Figure 1: EU-27 and EA-16 quarterly government revenue and expenditure in % of GDP, 4-quarter moving averages, 2001Q1-2009Q2**



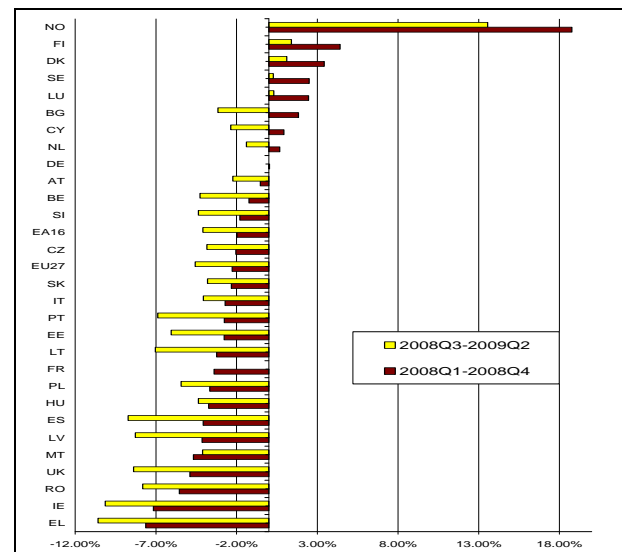
Source: Eurostat ([gov.q.ggnfa](http://gov.q.ggnfa))

EU-27 and EA-16 government deficit-to-GDP ratios increased sharply since 2007Q4, under the combined effects of increasing expenditure, decreasing revenue, as well as diminishing (or stagnant) GDP at the denominator of the ratios.

The 1-year moving average of EU-27 reached 4.6% of GDP over 2008Q3-2009Q2; which shows an increase of 2.3 percentage points from 2008Q1-2008Q4.

All Member States, except Malta experienced an increase of their average government deficit from 2008Q4 to 2009Q2 (or equivalently, a decrease in their net lending/net borrowing figures). Four Member States (Finland, Denmark, Luxembourg and Sweden) recorded average government surpluses on the last 4 quarters 2008Q3-2009Q2, while the remaining countries reported deficits. The highest average deficits in % of GDP were registered by Greece (10.6%), Ireland (10.1%); Spain (8.7%), the UK (8.4%) and Latvia (8.3%).

**Figure 2: Quarterly government deficit/surplus in % of GDP (4-quarter averages)**



Source: Eurostat ([gov.q.ggnfa](http://gov.q.ggnfa))

## Quarterly financial accounts for general government

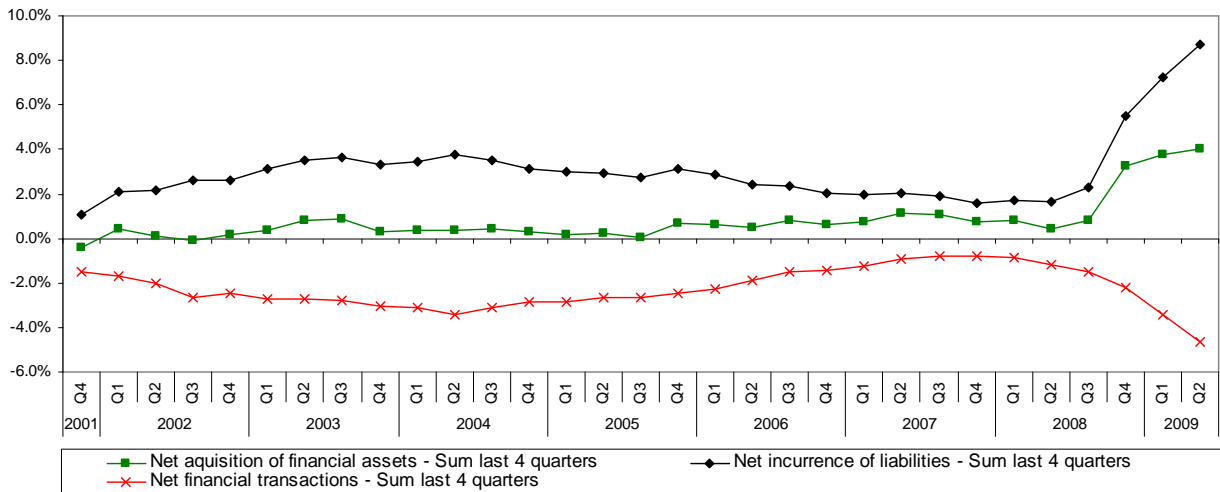
The government financial accounts support the analysis of how governments finance their deficits or invest their surpluses. They contain information both on the net acquisition of financial assets and the net incurrence of liabilities that occur between two points of time and on the stocks of financial assets and liabilities outstanding at a point in time (the balance of which is net financial worth). Variations in stocks are explained both by the transactions and other factors. These other factors are made up of holding gains and losses and other changes in volume. The aim of this section is to present the main characteristics of the general government financial accounts.

### **Government financing - A significant increase of net incurrence of liabilities combined with an increase of net acquisition of financial assets, both of them directly linked to the economic and financial crisis.**

Between the second quarter of 2004 and the last quarter of 2007, the EU-27 deficit, observed from the financial account, fell, from -3.4% to -0.8% of GDP. However, since 2008, when the economic and financial crisis spread across countries, there has been a significant rise in the EU-27 deficit, observed from the financial account, from -0.8% of GDP for the first quarter of 2008 to -4.7% for the first quarter of 2009.

This result is reflected in the financial accounts by a rise of the net incurrence of liabilities from 1.6% for the first quarter of 2008 to 8.7% of GDP for the second quarter of 2009. The net acquisition of financial assets, which was usually stable between 0% and 1% of GDP, also significantly rose at the end of the last quarter of 2008 (3.3%) to reach a peak of 4.1% of GDP for the second quarter of 2009, as governments acquired assets to support financial institutions.

**Figure 3: EU-27 general government financial transactions (assets, liabilities and net financial transactions) in percentage of GDP (moving ratio), 2001Q4-2009Q2**



Source: Eurostat, ([gov\\_q\\_ggfa](#))

**Government balance sheet – A significant rise in the stocks of liabilities since the end of 2008**

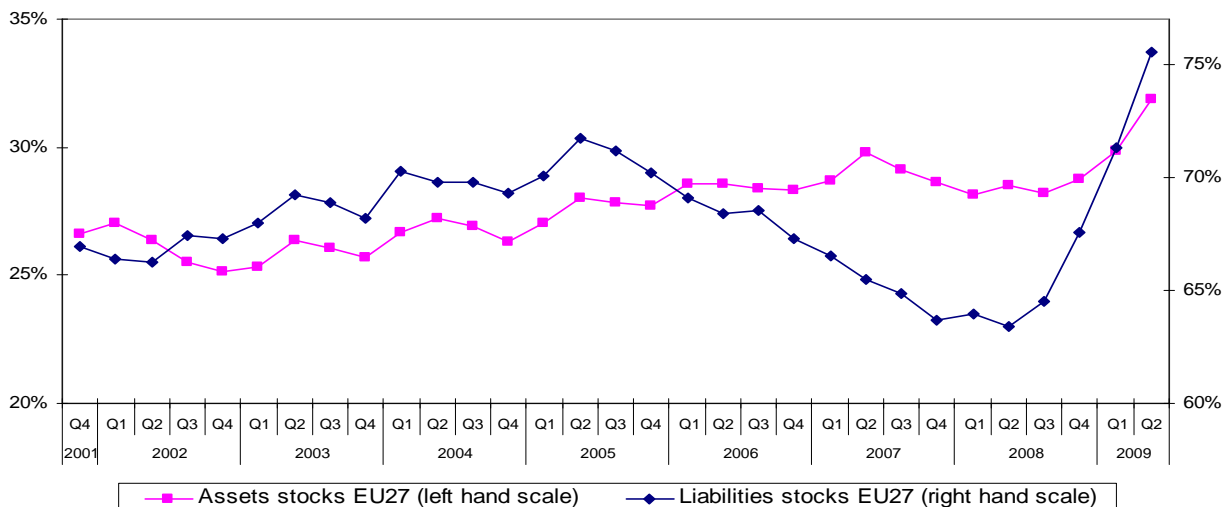
At the end of the second quarter of 2009, the EU-27 stocks of financial assets of general government reached 3 847 billion euro while liabilities amounted to almost 9 114 billion euro, the balance of which is negative.

The stock of financial assets was generally stable over the period studied (between 28% and 30% of GDP). However, in the second quarter of 2009, we recorded the highest amount for the stocks of financial assets, since 2001, at 32% of GDP.

When looking at the level of stocks of financial liabilities, in percentage of GDP, from the fourth quarter of 2001 to the second quarter of 2005, an increasing trend can be observed, followed by a sharp decrease between the third quarter of 2005 and the beginning of 2008. Since then, an increasing trend is again observed with a peak at 76% of GDP in the second quarter of 2009.

For the euro area (EA-15), the variations of assets and liabilities stocks are similar to those of the EU-27.

**Figure 4: EU-27 general government stocks of financial assets and liabilities in percentage of GDP, 2001Q4-2009Q2**



Source: Eurostat, ([gov\\_q\\_ggfa](#))

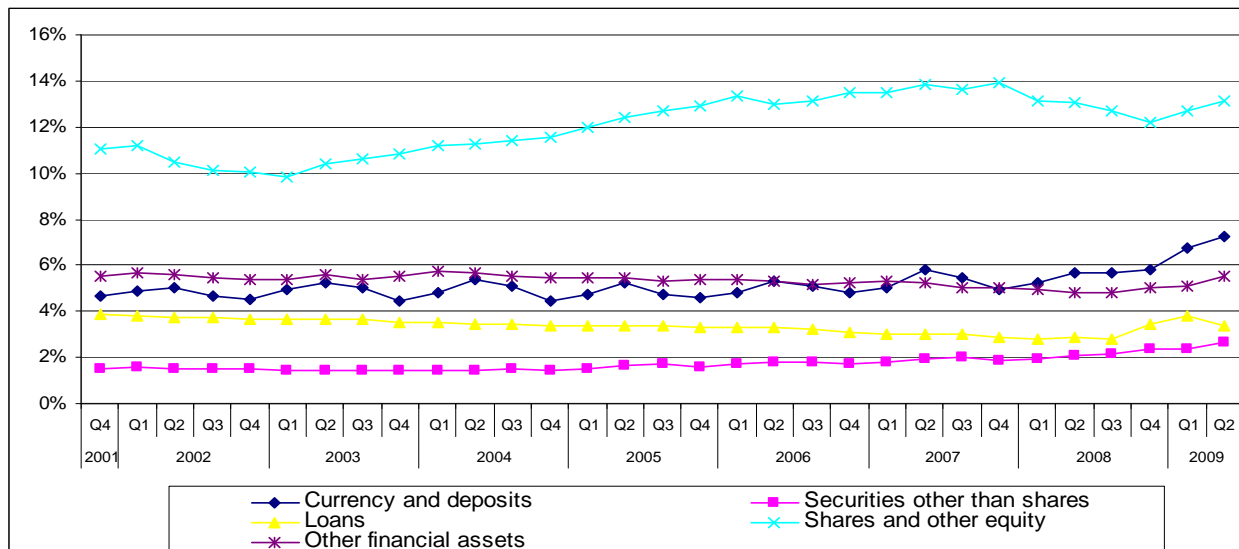
Figure 5 shows that the main component of EU-27 government financial assets is made up by 'Shares and other equity' which represent 13% of GDP for the second quarter of 2009. This corresponds predominantly to the acquisition by governments of equity in financial institutions.

Since 2007, the category 'Currency and deposits' is the second largest component of EU-27 government financial assets. This item can observe some seasonality as it mainly captures bank accounts of government units and notably of Treasuries that often maintain abundant liquidities

and that can fluctuate very quickly and for large amount. It is evident that governments have acquired greater assets in currency and deposits over the most recent quarters, as they have sought to build up liquid reserves.

The 'Other financial assets' are now the third largest component of EU-27 government financial assets; their share is quite stable over time. They mainly comprise 'Other receivables'. This reflects the impact of the accrual principle applicable in ESA 1995.

**Figure 5: EU-27 general government stocks of financial assets by financial instrument in percentage of GDP, 2001Q4-2009Q2**

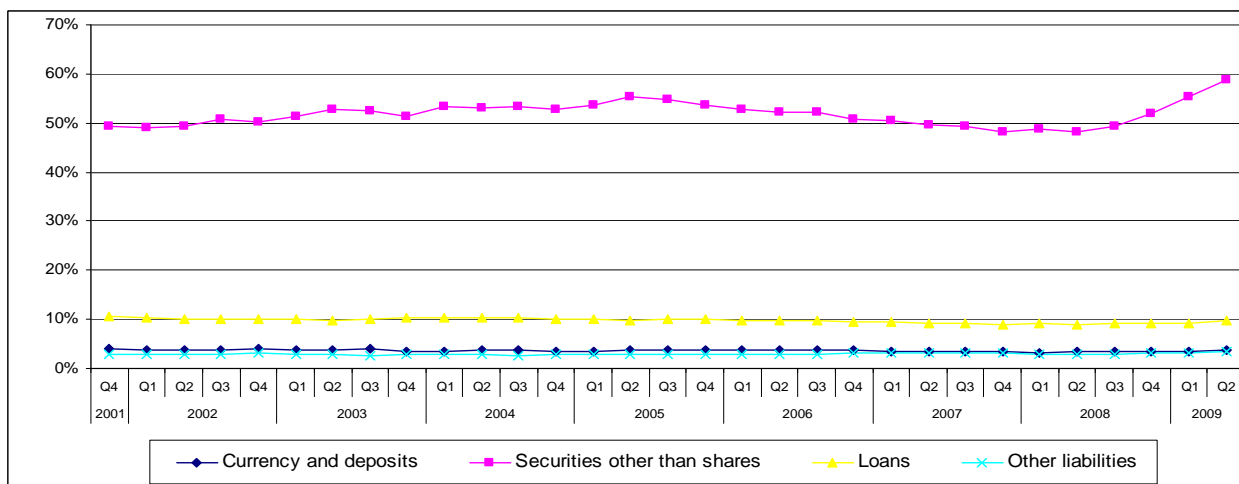


Source: Eurostat, ([gov.q.ggfa](http://gov.q.ggfa))

Figure 6 shows that the main component of EU-27 financial liabilities is made up by 'Securities other than shares'. This category is mostly responsible for the increase of total liabilities, as the stock of 'Securities other than shares' increased by

10 percentage points between the first quarter of 2008 and the first quarter of 2009 (from 49% to 59%). The three other components of liabilities are rather stable over time.

**Figure 6: EU-27 general government stocks of financial liabilities by financial instrument in percentage of GDP, 2001Q4-2009Q2**



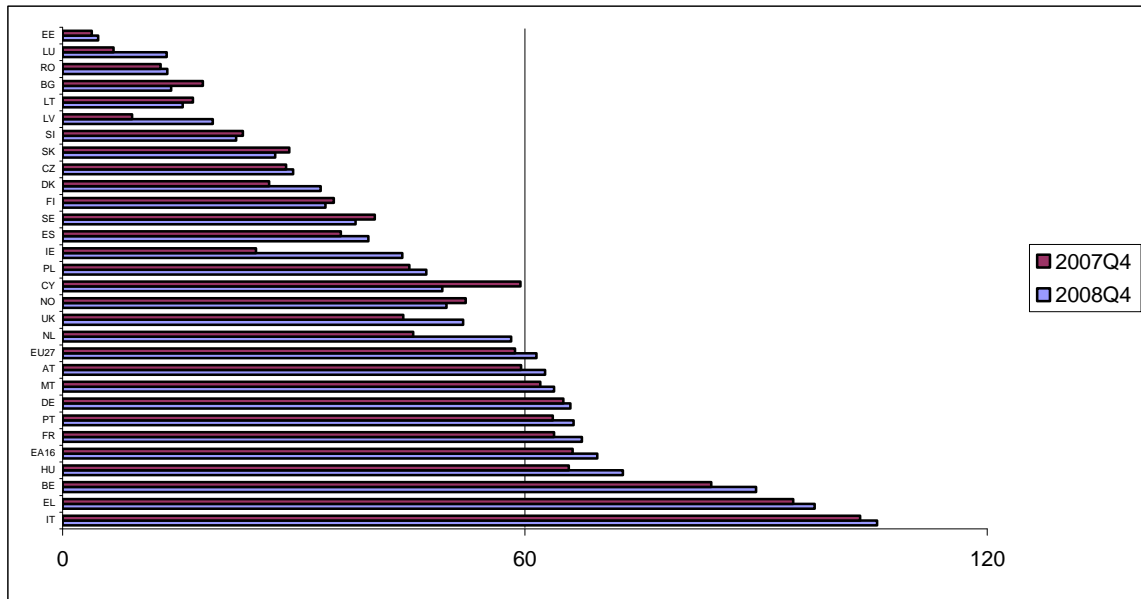
Source: Eurostat, ([gov.q.ggfa](http://gov.q.ggfa))

## QUARTERLY GOVERNEMENT DEBT

At this point, we turn our attention to the Quarterly Government Gross Debt (QGD) of EU countries, often called Maastricht debt. This is defined in the Council Regulation N° 1222/2004 to include liabilities in currency and deposits (AF.2); securities other than shares, excluding financial derivatives (AF.33) and loans (AF.4). Moreover, the valuation rules of Maastricht debt are different

of those of the ESA95 (see methodological notes). Consequently, these figures somewhat deviate from the data presented in the previous section under Figure 6.

**Figure 7 General Consolidated Gross Debt as percentage of GDP**

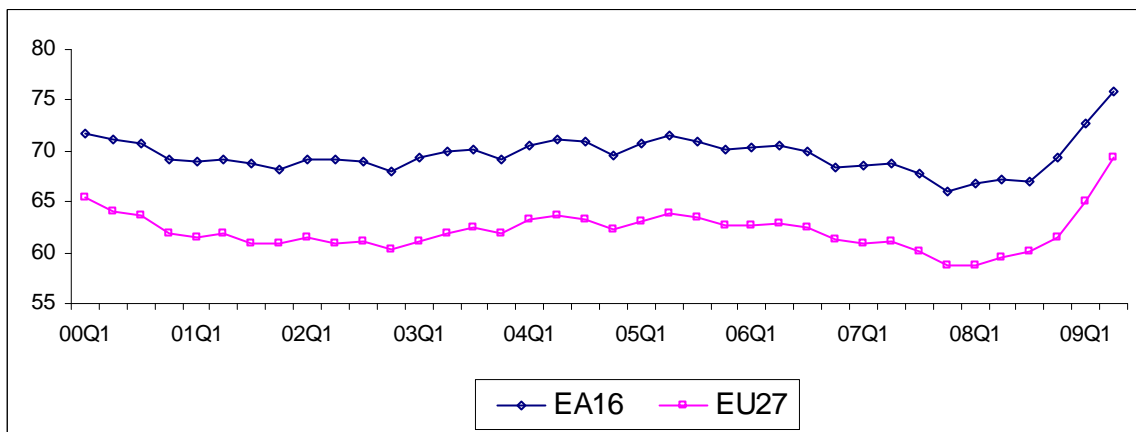


Source: Eurostat, ([gov\\_q\\_ggdebt](#))

Figure 7 shows QGD in percentage of GDP for 2007Q4 and 2008Q4 in every country and for the EU-27 and the EA-16 (note that the debt stock for a calendar year is the debt stock at the last quarter of that year). Italy presented the highest level of QGD for both years, with an increase of more than 2 points of debt in terms of its GDP. Estonia still has the lowest level, with 4.6% of debt over GDP in

2008, while it was just under 4% in 2007. Also worth noting are the increase of almost 13 points in the Netherlands, which brings the country's ratio to 58%, and the 10 points drop in Cyprus, falling from 59% to 49%. Finally, with an average increase of 3 points, Austria's debt went over the 60% percentage of GDP between 2007Q4 and 2008Q4.

**Figure 8: General Consolidated Gross Debt as Percentage of GDP, 2000Q1-2008Q2**



Source: Eurostat, ([gov\\_q\\_ggdebt](#))

While in recent years, the debt pattern had presented a small upwards/downwards trend, Figure 8 shows a sharp increase during the first two quarters of 2009: 3.6 and 4.3 points for EU-27 and for EA-16, 3.4 and 3.1 points, respectively. This follows from the need to raise funds to finance the increasing difference between revenue and expenditure, to purchase shares and other equity in financial institutions, and to build up liquid reserves (in currency and deposits).

Debt as percentage of GDP followed the same pattern in EU-27 and EA-16, although the difference between the two zones went from some 7.5 points higher for EA-16 in the previous years to only 6.4 points in 2009Q2.

For the EU-27 and EA-16, the quarterly increase in gross government debt shows a good correlation with the quarterly government deficit (opposite

sign to net lending/net borrowing) derived from the quarterly non financial accounts for general government. However the changes are not the same, caused by the presence of other factors (the so-called "debt-deficit adjustment").

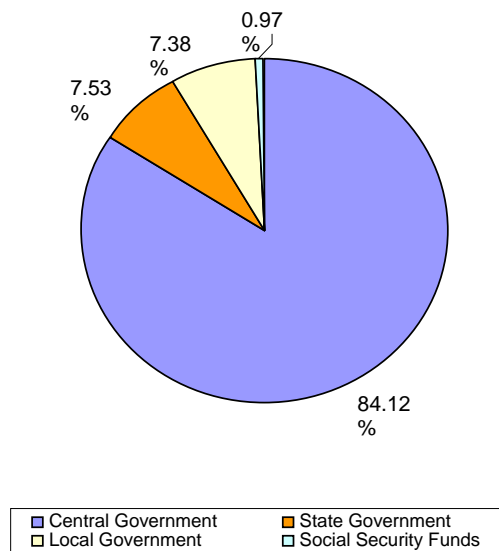
### Breakdown by Subsector

According to ESA95, Quarterly General Government Debt data are divided into four subsectors:

1. Central Government (S.1311)
2. State Government (S.1312)
3. Local Government (S.1313)
4. Social Security Funds (S.1314)

The breakdown of unconsolidated debt into these four subsectors is shown in the next figure.

**Figure 9: General Unconsolidated Gross debt in EU-27 by subsector. 2009Q2**



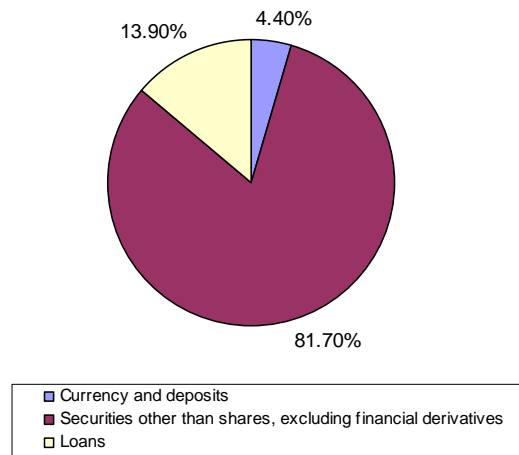
Source: Eurostat, ([gov\\_q\\_ggdebt](#))

Debt of Central Governments represents more than 80% of the General Government unconsolidated debt for all the quarters analysed. This proportion is highly stable. The same can be said about the share of State Government, around 7.5%, although the Local Government share has been slightly reduced, from just over 8% to 7.3%. Finally, the participation of Social Security Funds in total debt stays close to 1% of the total. The general pattern for the euro area is roughly the same as that observed for the EU-27.

### Breakdown by Instrument

Figure 10 shows that Securities other than Shares, excluding Financial Derivatives, is the preferred debt instrument of General Government. It represents more than 80% of total debt. The share of every instrument is quite stable over time, Currency and Deposits representing around 4.5% of the total debt and Loans 15%. The result is similar for the euro area.

**Figure 10: General Consolidated Gross Debt in EU-27 by instrument. 2009Q2**



Source: Eurostat, ([gov\\_q\\_ggdebt](#))

## GOVERNMENT CONTINGENT LIABILITIES

Eurostat published for the first time in October 2009 detailed information on contingent liabilities arising from public support for financial institutions and markets, which are liabilities that can have a potential future impact on government finances, such as liabilities outside general government under guarantee <sup>1)</sup> securities issued under liquidity

schemes <sup>2)</sup> and special purpose entities <sup>3)</sup>. Table 1 shows the figures of contingent liabilities for 2007 and 2008, both for the euro area and the European Union. More detailed information can be found on the Eurostat web site <sup>4)</sup>

**Table 1: Contingent liabilities relating to public support for financial institutions and markets (in millions of euros) at the end of the year**

	EA-16		EU-27	
	2007	2008	2007	2008
Liabilities outside GG under guarantee	0	486 723	36 890	605 608
Securities under liquidity schemes	0	2	0	194 318
Special purpose entities	0	14 300	0	14 300

Source: Eurostat, [EDP Notification Tables](#)

1) Guarantees covered are those granted by general government to non-general government units. It does not include guarantees on bank deposits, or guarantees on the liabilities of special purpose entities. It is only the value of active guarantees, not announced ceilings for schemes. It also includes guarantees on assets, which would imply incurrence of government liability in case of a call.

2) Special purpose entities included here are those where government has a significant role, including a guarantee, but which are classified outside the general government sector (see the Eurostat Decision and accompanying guidance note for details).

3) Liquidity schemes included here are those where the government securities used are not recorded in government debt (see the Eurostat Decision and accompanying guidance note for details).

4) The latest EDP release: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-22102009-AP/EN/2-22102009-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-22102009-AP/EN/2-22102009-AP-EN.PDF)

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## RELATIONSHIP AMONG TABLES

The data analysed up to this point are not independent. On the contrary they are strongly related. For example, if government expenditure is higher than revenue, government must finance that deficit somehow. The main ways to finance this deficit is to increase its debt and/or sell some of its financial assets. So, it could be

expected that when there is a deficit, debt increases and/or the level of government financial assets falls. This integrated approach to government data is illustrated for two quarters in the following table:

**Table 2: Impact of government expenditure on net lending/net borrowing**

Millions of euros, Government	EU-27	
	2009Q2	2008Q2
Expenditure	1 457 536	1 421 784
Revenue	1 397 284	1 286 511
B9: Net Lending/Net Borrowing	-171 025	-24 500
Statistical Discrepancy	-6 248	1 559
B9F: Net Financial Transactions	-164 776	-26 059
Debt Stock Increase	372 594	129 990
Stock Flow Adjustment	201 569	105 490

Source: Eurostat, Quarterly government finance statistics (EDP [Press Release of 22 October 2009](#))

Table 2 above shows how the excess of government expenditure over revenue gives a net lending/net borrowing (B9) with a negative sign, which means that the government has to borrow to fill that gap. In theory, B9 should be equal to B9.F. However, there is a statistical discrepancy due to different source data. In this case, debt increases by more than deficit. This can be explained for three reasons: changes in financial assets, changes in

Government liabilities that are not included in Maastricht debt and/or debt valuation effects. The main impact explaining the unusually large positive stock-flow adjustment in 2009Q2 is governments' acquisitions of financial assets during the period of financial crisis, such as shares and other equity of financial institutions.

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### Integrated GFS presentation

Eurostat has started to release on its website quarterly data for the general government in a government finance statistics template, which brings together the three data flows included in this publication. This allows the analysis of financial and non-financial quarterly data in an integrated framework and the study of their relationships. These tables have a similar format to the annual GFS tables also available on the Eurostat web site and show gross data, figures as a percentage of quarterly GDP, and changes over the past year.



**Table 3: EU-27 - GFS table in million national currency**

		2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2
<b>Government revenue and expenditure</b>											
1=2+6+7+8+9	Total revenue	1298603	1378295	1337836	1533101	1336500	1397284	1337836	1533101	1235020	1286511
2=3+4+5	Taxes	786864	830165	812678	925649	802688	831916	812678	925649	716806	738087
3	. Indirect taxes	402359	416261	400946	450067	399722	412102	400946	450067	355251	371973
3a	.. Of which, VAT	210187	213207	205201	228116	210358	213377	205201	228116	182267	187111
4	. Direct taxes	371180	406306	403905	467528	396125	412385	403905	467528	353472	354162
5	. Capital taxes	7325	7597	7827	8055	6841	7429	7827	8055	8083	11952
6	Social contributions	402047	412549	407477	449435	415533	426079	407477	449435	406207	414001
7	Sales	59105	64806	63866	95466	60069	65774	63866	95466	60119	66182
8	Other current revenue	47004	65745	47528	53963	54595	69559	47528	53963	51383	64391
9	Capital transfers receivable	3583	5030	6288	8587	3614	3956	6288	8587	504	3849
10=11+12+13+14+15+16+17+18	Total expenditure	1341381	1364437	1364966	1578161	1390554	1421784	1364966	1578161	1409185	1457536
11	Intermediate consumption	181246	192070	189203	223590	188671	197028	189203	223590	189986	199407
12	Compensation of employees	308560	319950	308875	347598	313344	330831	308875	347598	315487	330666
13	Interest	81145	88828	81987	83412	81825	91395	81987	83412	75698	84651
14	Subsidies	33864	31628	34339	42759	36397	32593	34339	42759	35579	34447
15	Social benefits	561240	577775	578501	644311	578877	598883	578501	644311	597964	628002
15a	. Of which other than transfers in kind	450303	460018	463480	491737	461935	474103	463480	491737	475627	497925
16	Other current expenditure	74736	62996	69054	78811	81467	67056	69054	78811	78960	69452
17	Capital transfers payable	37197	25060	27992	49949	41792	32015	27992	49949	45688	34094
18	Capital investments	63393	66131	75016	107731	68182	71983	75016	107731	69822	76818
18a	. Of which, Gross fixed capital formation	64013	68538	74240	109581	68216	74129	74240	109581	69079	78092
<b>Government deficit</b>											
19=1-10	Net lending (+) / net borrowing (-)	-42777	13857	-27130	-45060	-54055	-24500	-27130	-45060	-174166	-171025
20=19-21	Statistical discrepancy (nonfinancial - financial accounts)	7691	-3192	-2162	-3725	2267	1559	-2162	-3725	27487	-6248
<b>Government financing</b>											
21=22-28	Net financial transactions	-50468	17050	-24968	-41335	-56322	-26059	-24968	-41335	-201652	-164776
22=23+24+25+26+27	Net acquisition of financial assets	68472	120243	-20931	-73925	78514	71650	-20931	-73925	133739	95834
23	Currency and deposits	29452	98760	-27621	-53778	41264	52470	-27621	-53778	105674	39131
24	Securities other than shares	15561	14245	8912	-16058	20372	16617	8912	-16058	-4387	29931
25	Loans	725	920	4680	-3789	1833	8710	4680	-3789	3624	-13526
26	Shares and other equity	493	5085	-1841	-2120	10815	3184	-1841	-2120	17407	27738
27	Other financial assets	22239	1233	-5061	1821	4231	-9331	-5061	1821	11420	12561
28=29+30+31+32	Net incurrence of liabilities	118940	103193	4037	-32590	134836	97709	4037	-32590	335391	260610
29	Currency and deposits	-4108	-6698	3265	10785	-759	12228	3265	10785	17613	-7375
30	Securities other than shares	101410	127027	-6385	-55606	110060	100764	-6385	-55606	317616	256014
31	Loans	13246	-18751	1298	-317	23321	-1984	1298	-317	-13061	35732
32	Other liabilities	8393	1614	5859	12548	2214	-13299	5859	12548	13223	-23761
<b>Other economic flows in government assets and liabilities</b>											
33	Other changes in financial assets	27985	62919	-11147	24456	-136249	-3823	10839	46442	-23138	81871
34	Other changes in liabilities	-79316	-112049	23917	8697	-90160	-117348	-29074	-44294	519971	82339
35=33-34	Changes in net worth due to other changes in financial assets and liabilities	107301	174968	-35063	15759	-46090	113525	39913	90736	-543109	-468
<b>Government balance sheet</b>											
36=37+38+39+40+41	Financial assets	3408030	3591193	3559115	3541723	3501380	3569206	3559115	3541723	3669715	3847420
37	Currency and deposits	600015	700074	668013	615849	647494	707474	668013	615849	829668	876578
38	Securities other than shares	216974	231583	242381	226318	245560	256538	242381	226318	285566	316123
39	Loans	360506	361549	364196	353221	350732	359693	364196	353221	418335	409267
40	Shares and other equity	1600935	1673034	1669191	1725751	1635884	1637114	1669191	1725751	1499777	1582880
41	Other financial assets	629600	624953	615334	620584	621710	608387	615334	620584	636369	662572
42=43+44+45+46	Liabilities	7899089	7890233	7918187	7866340	7962863	7943224	7918187	7866340	8773549	9116498
43	Currency and deposits	421157	415656	414341	417373	405860	418530	414341	417373	435228	440913
44	Securities other than shares	5981947	5989208	6020093	5951744	6059845	6029478	6020093	5951744	6798706	7107055
45	Loans	1130325	1110788	1112961	1106013	1126174	1123851	1112961	1106013	1132827	1167537
46	Other liabilities	365659	374581	370793	391209	370983	371365	370793	391209	406788	400994
47=36-42	Financial assets net of liabilities	-4491059	-4299041	-4359072	-4324616	-4461483	-4374017	-4359072	-4324616	-5103834	-5269078
<b>Maastricht debt</b>											
48=49+50+51	Maastricht debt (nominal value)	7245544	7372445	7342147	7252285	7321688	7451678	7342147	7252285	8003644	8376238
49	. Currency and deposits	348005	341093	338247	341845	330792	343113	338247	341845	364310	368046
50	. Securities other than shares	5770036	5922973	5894751	5807162	5866946	5986734	5894751	5807162	6509507	6842094
51	. Loans	1127506	1108381	1109148	1103279	1123951	1121830	1109148	1103279	1129832	1166098

Source: Eurostat ([gov\\_q\\_ggnfa](#), [gov\\_q\\_ggfa](#), [gov\\_q\\_ggdebt](#))

**Table 4: EA-16 - GFS table in million national currency**

		2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2
<b>Government revenue and expenditure</b>											
1=2+6+7+8+9	Total revenue	919555	1027922	972138	1168969	956209	1054384	972138	1168969	925159	996990
2=3+4+5	Taxes	523791	595688	559403	678842	539104	604978	559403	678842	507948	552053
3	. Indirect taxes	293789	302064	285550	332862	292670	298829	285550	332862	272797	279837
3a	.. Of which, VAT	152359	151882	143136	163975	153286	151022	143136	163975	139964	139137
4	. Direct taxes	224145	287670	267834	339522	241053	300039	267834	339522	230065	261121
5	. Capital taxes	5857	5954	6019	6458	5381	6019	6458	5087	5087	11096
6	Social contributions	322364	337061	331600	371131	336015	351218	331600	371131	339510	348428
7	Sales	36478	41694	42020	71081	38088	43346	42020	71081	38949	44902
8	Other current revenue	34838	49986	34881	41511	41010	52282	34881	41511	39667	49831
9	Capital transfers receivable	2083	3494	4234	6403	1992	2559	4234	6403	-916	1775
10=11+12+13+14+15+16+17+18	Total expenditure	965928	1001324	993261	1182200	1012002	1058691	993261	1182200	1058857	1111915
11	Intermediate consumption	98281	108196	105542	135718	104605	115622	105542	135718	114822	123310
12	Compensation of employees	213780	223284	212699	250480	220988	235939	212699	250480	231304	241846
13	Interest	64256	71131	65995	64770	66628	73621	65995	64770	64657	70641
14	Subsidies	25443	24585	26617	34423	27522	25597	26617	34423	28065	28003
15	Social benefits	445828	460673	460372	522938	463750	481908	460372	522938	489294	514415
15a	. Of which other than transfers in kind	342328	350532	352400	379092	355091	365719	352400	379092	374924	392817
16	Other current expenditure	49552	42285	45842	53715	55633	46805	45842	53715	56095	46971
17	Capital transfers payable	25427	19071	20049	41423	27945	24731	20049	41423	26991	26934
18	Capital investments	43361	52100	56144	78733	44930	54467	56144	78733	47627	59795
18a	. Of which, Gross fixed capital formation	43370	52246	55712	78976	44815	54654	55712	78976	46684	59085
<b>Government deficit</b>											
19=1-10	Net lending (+) / net borrowing (-)	-46374	26598	-21123	-13230	-55792	-4307	-21123	-13230	-133698	-114925
20=19-21	Statistical discrepancy (nonfinancial - financial accounts)	11139	-6350	1255	-3684	4324	1089	1255	-3684	32582	-5275
<b>Government financing</b>											
21=22-28	Net financial transactions	-57513	32947	-22379	-9546	-60116	-5396	-22379	-9546	-166280	-109650
22=23+24+25+26+27	Net acquisition of financial assets	60433	114029	-40718	-65416	72887	75426	-40718	-65416	117314	84033
23	Currency and deposits	22838	91577	-45971	-45564	43040	42863	-45971	-45564	105141	43104
24	Securities other than shares	13893	12149	9360	-13812	20848	26797	9360	-13812	-4503	22655
25	Loans	918	265	2848	-3925	-68	7431	2848	-3925	-1491	-16833
26	Shares and other equity	5233	8916	-970	-3977	7552	3397	-970	-3977	18679	27042
27	Other financial assets	17550	1122	-5984	1862	1516	-5061	-5984	1862	-512	8066
28=29+30+31+32	Net incurrence of liabilities	117946	81082	-18339	-55870	133003	80823	-18339	-55870	283594	193683
29	Currency and deposits	-2842	-13734	-446	7856	-2918	1801	-446	7856	818	4860
30	Securities other than shares	97019	103617	-10510	-75756	112126	75795	-10510	-75756	265128	168768
31	Loans	17516	-12562	-2684	-9578	36056	7546	-2684	-9578	58	39301
32	Other liabilities	6253	3761	-4699	21609	-12261	-4320	-4699	21609	17590	-19246
<b>Other economic flows in government assets and liabilities</b>											
33	Other changes in financial assets	32121	50255	-411	11604	-100062	924	-8458	3557	46462	21249
34	Other changes in liabilities	-34208	-106197	37733	18203	-17256	-125079	-53152	-72682	559742	-21821
35=33-34	Changes in net worth due to other changes in financial assets and liabilities	66328	156452	-38144	-6598	-82806	126003	44694	76240	-513280	43070
<b>Government balance sheet</b>											
36=37+38+39+40+41	Financial assets	2458598	2622881	2581753	2569070	2554578	2630928	2581753	2569070	2745529	2850811
37	Currency and deposits	476367	567663	521633	475876	513428	559693	521633	475876	652291	696250
38	Securities other than shares	138765	150614	161523	147028	167886	190586	161523	147028	209081	228444
39	Loans	250592	249877	252594	247956	248137	255618	252594	247956	315998	299101
40	Shares and other equity	1141119	1202532	1200471	1251074	1177139	1182316	1200471	1251074	1107029	1154451
41	Other financial assets	451756	452194	445532	447136	447988	442716	445532	447136	461129	472566
42=43+44+45+46	Liabilities	6439650	6414535	6433929	6376868	6549676	6505420	6433929	6376868	7277265	7449127
43	Currency and deposits	278445	264709	264263	272040	269178	270980	264263	272040	281389	286251
44	Securities other than shares	4902120	4900968	4928707	4852967	5006490	4958307	4928707	4852967	5674014	5820414
45	Loans	997535	984462	981804	972658	1007863	1015957	981804	972658	1012420	1048707
46	Other liabilities	261551	264396	259154	279203	266146	260177	259154	279203	309442	293756
47=36-42	Financial assets net of liabilities	-3981053	-3791654	-3852176	-3807798	-3995098	-3874491	-3852176	-3807798	-4531736	-4598316
<b>Maastricht debt</b>											
48=49+50+51	Maastricht debt (nominal value)	5938102	6031143	6017909	5938148	6081255	6168732	6017909	5938148	6682621	6891500
49	. Currency and deposits	205228	190090	188132	196453	194084	195536	188132	196453	210450	213563
50	. Securities other than shares	4738671	4859582	4851105	4772377	4882052	4960021	4851105	4772377	5462713	5630791
51	. Loans	994206	981472	978669	969318	1005120	1013174	978669	969318	1009463	1047145

Source: Eurostat ([gov q ggnfa](#), [gov q ggfa](#), [gov q ggdebt](#))

## METHODOLOGICAL NOTES

### QUARTERLY ACCOUNTS OF GENERAL GOVERNMENT

Eurostat releases quarterly financial, non-financial accounts for the general government sector and quarterly government debt, using an integrated structure which combines the data from quarterly non-financial accounts for the general government (QN FAGG), quarterly financial accounts for the general government (QFAGG) and quarterly government debt (QGD). This publication is released in the dedicated Government Finance Statistics (GFS) section of the Eurostat web site. [http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/introduction). The regulations relative to these three data flows are available on Eurostat web site on the section dedicated to government statistics:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/methodology/decisions\\_for\\_GFS](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/methodology/decisions_for_GFS)

### ESA95

Fiscal and financial accounts data are compiled in accordance with national accounts rules, as laid down in the 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 internet site**.

### QUARTERLY NON-FINANCIAL ACCOUNTS FOR THE GENERAL GOVERNMENT (QN FAGG)

The aim of QN FAGG 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 deficit (ESA95 B.9, net lending (+)/net borrowing (-) is equal to the difference between them. Note that a deficit is shown as a negative number, and a surplus as a positive number.

Government quarterly revenue, expenditure, revenue 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 (QN FAGG).

An important number of series reported in this context present seasonal patterns (partly explained by the link with the seasonality of economic activity and by budgetary planning practices of national governments). It has therefore been decided, in this publication, to present the data in 4-quarter moving averages, limiting the impact of seasonal movements.

### QUARTERLY FINANCIAL ACCOUNTS FOR GENERAL GOVERNMENT (QFAGG)

Quarterly financial accounts for general government include data on financial transactions and balance sheet items for general government (consolidated and non-consolidated) and its sub-sectors. The primary classification of financial instruments comprises: Monetary gold and special drawing rights (AF.1), Currency and deposits (AF.2), Securities other than shares (AF.3), Loans (AF.4), Shares and other equity (AF.5), Insurance technical reserves (AF.6), and Other

accounts receivable/payable (AF.7). The compilation of quarterly financial accounts data complies with ESA95 rules.

The reliability of data reported by Member States has been assessed and reported to the European parliament and the Council. This report has been recently updated and is available on Eurostat web site on the section dedicated to government statistics:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/publications/quality\\_reports](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/publications/quality_reports)

### QUARTERLY GOVERNMENT DEBT (QGD)

The quarterly government debt is constituted by the liabilities of general government in the following categories: AF.2, AF.33 and AF.4. The QGD must comply with ESA95 regulations concerning the classification of institutional units, consolidation rules, classification of financial liabilities and recording time.

However, the valuation rules are different from those of ESA95. While in ESA95 assets and liabilities must generally be recorded at their market value at the end of the accounting period, QGD is recorded at nominal value. The market value is the price of a security as determined dynamically by buyers and sellers in an open market while the nominal value is considered equivalent to the face value of liabilities for securities. It is therefore equal to the amount (contractually agreed) that the government will have to refund to creditors at maturity. Moreover, in the definition of Maastricht debt, interest accrued on liabilities is not accounted for in the nominal valuation, unless explicitly credited.

### GENERAL GOVERNMENT

Debt statistics cover data for general government as well as its sub-sectors: central government (S.1311), local government (S.1313), social security funds (S.1314), and when applicable state government (S.1312).

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".

### ABBREVIATIONS

EA-16 (euro area of 16 Member States): BE (Belgium), DE (Germany), EL (Greece), ES (Spain), FR (France), IE (Ireland), IT (Italy), CY (Cyprus), LU (Luxembourg), MT (Malta), NL (the Netherlands), AT (Austria), PT (Portugal), SI (Slovenia), SK (Slovakia) and FI (Finland).

EU-27 (European Union of 27 Member States): Euro area 13 countries plus BG (Bulgaria), CZ (Czech Republic), DK (Denmark), EE (Estonia), LV (Latvia), LT (Lithuania), HU (Hungary), PL (Poland), RO (Romania), SE (Sweden), and the UK (United Kingdom).

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

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