

30 March, 2012

## Excessive Deficit Procedure

1<sup>st</sup> notification 2012

### Excessive Deficit Procedure

According to EU regulations, Statistics Portugal is sending today to Eurostat the first notification of 2012 of the Excessive Deficit Procedure (EDP). Table 1 of the notification, presented below, summarizes the main results for the period 2008 - 2012.

**Table 1: Reporting of government deficit/surplus and debt levels and provision of associated data**

Member State: Portugal Data are in millions of euros Date: 30/03/2012	ESA 95 codes	Year				
		2008 Final	2009 Final	2010 Half-finalized	2011 Half-finalized	2012 Planned
<b>Net borrowing (-)/ net lending (+)</b>	EDP B.9					
General government	S.13	<b>-6 235.6</b>	<b>-17 103.3</b>	<b>-16 950.1</b>	<b>-7 262.5</b>	<b>-7 605.1</b>
- Central government	S.1311	-7 031.0	-16 151.6	-16 293.5	-7 010.9	-7 950.5
- Local government	S.1313	- 851.7	-1 341.8	-1 441.2	- 741.9	247.0
- Social security funds	S.1314	1 647.2	390.1	784.7	490.3	98.5
<b>General government consolidated gross debt</b>						
<b>Level at nominal value outstanding at end of year</b>		<b>123 108.4</b>	<b>139 944.5</b>	<b>161 134.9</b>	<b>184 290.9</b>	<b>189 383.0</b>
By category:						
Currency and deposits	AF.2	12 925.3	12 288.0	11 792.7	10 200.2	
Securities other than shares, exc. financial derivatives	AF.33	94 604.6	110 351.7	128 092.7	116 987.5	
Short-term	AF.331	16 435.1	20 405.1	20 835.0	11 080.4	
Long-term	AF.332	78 169.6	89 946.6	107 257.7	105 907.1	
Loans	AF.4	15 578.4	17 304.9	21 249.5	57 103.2	
Short-term	AF.41	2 213.7	1 726.1	3 821.2	3 958.4	
Long-term	AF.42	13 364.8	15 578.8	17 428.3	53 144.8	
<b>General government expenditure on:</b>						
<b>Gross fixed capital formation</b>	P.51	5 059.4	5 060.3	6 225.2	4 428.4	3 354.4
<b>Interest (consolidated)</b>	EDP D.41	5 188.4	4 775.4	4 935.9	6 622.0	8 310.3
<b>p.m.: Interest (consolidated)</b>	D.41 (uses)	5 311.2	4 807.5	4 982.0	6 605.5	8 310.3
<b>Gross domestic product at current market prices</b>	B.1*g	171 983.1	168 503.6	172 669.7	171 015.4	168 305.0
<b>Memorandum items:</b>						
Net lending (+)/Net borrowing (-) on GDP		-3.6%	-10.2%	-9.8%	-4.2%	-4.5%
General government consolidated gross debt on GDP		71.6%	83.1%	93.3%	107.8%	112.5%

As usual since 2006, this notification was prepared under the Institutional Agreement in the field of General Government Statistics signed on the 10th of January 2006 between Statistics Portugal (National Accounts Department), Banco de Portugal (Statistics Department) and Budget Directorate-General.

For the years prior to 2012, the compilation of the Net borrowing / net lending is prepared by Statistics Portugal and the Gross Debt is compiled by Banco de Portugal. For the current year (2012), the estimates of Net borrowing / net lending and Gross Debt are a responsibility of the Ministry of Finance.

Under Council Regulation (EC) No. 479/2009 the notifications begin a joint work between national statistical authorities and Eurostat which, within a three weeks deadline, should examine the notifications and publish the final results for all Member States.

This notification presents the first estimates for the net borrowing of the general government sector for 2011. Comparing to the previous notification the revisions are related to changes on source data.

The net borrowing of the General Government corresponded to 7265.5 million euro (4.2% of GDP) in 2011. This result reflects the transfer of pension funds of the financial institutions of 5993 million euro (3.5% of GDP).

The table below details the balance and the gross debt of (Regional and) Local Government (S1313). It shows a considerable deficit of the Regional Government of Madeira (RGM). Comparing with the working balance in RGM accounts, the net borrowing in national accounts includes three main adjustments: the recording as capital transfer of the debt of SESARAM guaranteed by RGM (0.2% of GDP); the recording as capital transfer of the debt of Via Madeira assumed by the RGM (0.2% of GDP); the recording in an accrual basis of RGM expenditures (0.3% of GDP). The improvement in the Local Government balance, accordingly with preliminary information, was related with a significant decrease of investment.

Unit: million euro	Year			
	2008	2009	2010	2011
<b>Net borrowing (-)/ net lending (+)</b>				
- Regional and Local Government	<b>- 851.7</b>	<b>-1 341.8</b>	<b>-1 441.2</b>	<b>- 741.9</b>
<i>Regional Government of Madeira</i>	- 216.6	- 338.2	-1 191.5	-1 125.1
<i>Regional Government of Azores</i>	- 41.5	- 82.1	- 53.6	- 36.4
<i>Local Government</i>	- 593.6	- 921.5	- 196.1	419.6
<b>Gross Debt</b>				
- Regional and Local Government	<b>7 687.7</b>	<b>8 532.9</b>	<b>9 601.4</b>	<b>10 135.2</b>
<i>Regional Government of Madeira</i>	1 847.9	2 066.1	3 051.4	3 735.0
<i>Regional Government of Azores</i>	536.7	600.5	652.5	690.9
<i>Local Government</i>	5 303.1	5 866.3	5 897.5	5 709.3

It is worth mentioning that the transfers received from the Central Government are considered in the compilation of Regional and Local Government Net borrowing/net lending. In 2011, those transfers attained the following values, in millions of euro: Regional Government of Madeira, 300.7; Regional Government of Azores, 386.7; Local Government, 3009.3. These transfers are recorded as expenditures in the Central Government accounts and consolidate in the General Government accounts.

In relation to Gross Debt, according to the European legislation, the following clarifications are relevant: i. Trade credits are excluded; ii. Debt of public corporations not classified inside General Government is not considered; iii. Debt of municipalities and parishes located in the territory of the Autonomous Regions is included in Local Government.