

AT A GLANCE

Public Finances in Euro Area Member States

This note gives a short overview of the developments of public finances in the Euro Area Member States; it will be regularly updated, in particular after the release of new macroeconomic forecasts. The data are based on the concepts of the new European System of Accounts ([ESA 2010](#)) which came into force this autumn.

Despite overall improving public budget balances, *budget deficits* are still expected to remain sizeable in a number of countries over the next few years. Overall, the average headline deficit in the euro area is forecast to decline to 2.6 of GDP in 2014. The decrease of the budget deficit has been in general accompanied by a larger decrease of the structural deficit (nominal deficit net of cyclical factors and one-off and other temporary measures). Different developments between Member States reflect inter alia uneven starting conditions, different impact of the crisis on the Member States' budgets and different needs for banks recapitalisation.

The *aggregated amount of total revenues* (relative to GDP) has increased by nearly 2 percentage points since 2011, while the aggregated amount of total expenditures (relative to GDP) has remained broadly stable. On the expenditure side, annual public investment activities (as measured by the gross fixed capital formation in percentage of GDP) have experienced a significant decline since 2009.

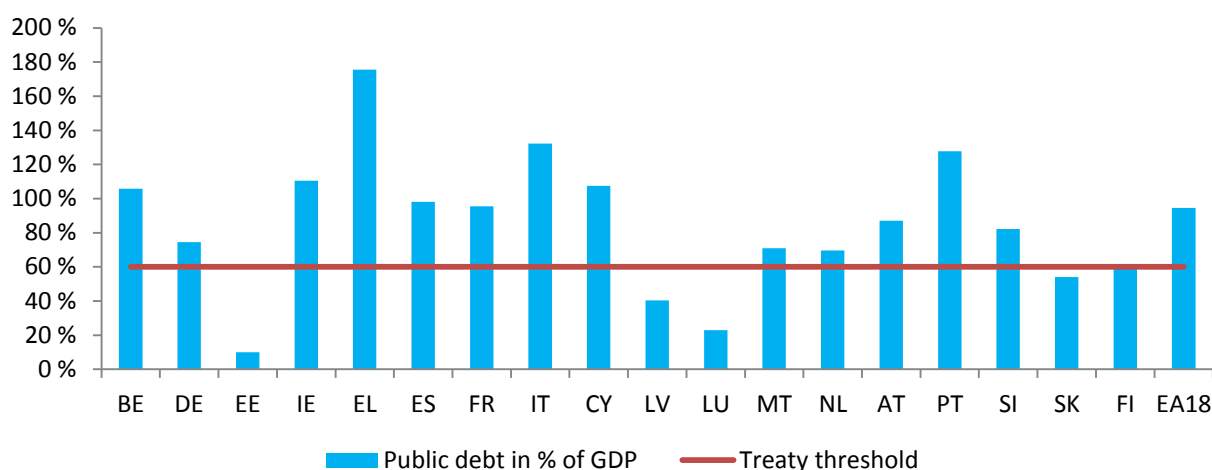
Between 2011 and 2013, *debt-to-GDP ratios* have a broadly increasing path in most of the euro area Member States. This development is expected to slow down or even reverse in many euro area countries in the next two years. Overall, the rising debt-to-GDP ratios reflect the combined effect of high primary deficits, negative or very weak growth and high interest expenditure in some Member States.

General government balance and debt 2011-2015 (% of GDP)

	Budget balance					Structural budget balance					Gross debt				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
BE	-3,9	-4,1	-2,9	-3,0	-2,8	-3,6	-3,1	-2,7	-2,6	-2,2	102,1	104,0	104,5	105,8	107,3
DE	-0,9	0,1	0,1	0,2	0,0	-1,3	0,0	0,6	0,7	0,6	77,6	79,0	76,9	74,5	72,4
EE	1,0	-0,3	-0,5	-0,4	-0,6	-0,2	-0,4	-1,1	-0,8	-0,7	6,0	9,7	10,1	9,9	9,6
IE	-12,6	-8,0	-5,7	-3,7	-2,9	-8,0	-7,1	-4,8	-3,8	-3,3	111,1	121,7	123,3	110,5	109,4
EL	-10,1	-8,6	-12,2	-1,6	-0,1	-5,7	0,1	3,1	2,0	1,6	171,3	156,9	174,9	175,5	168,8
ES	-9,4	-10,3	-6,8	-5,6	-4,6	-6,3	-3,6	-2,3	-2,2	-2,3	69,2	84,4	92,1	98,1	101,2
FR	-5,1	-4,9	-4,1	-4,4	-4,5	-5,0	-4,3	-3,3	-3,0	-2,9	85,0	89,2	92,2	95,5	98,1
IT	-3,5	-3,0	-2,8	-3,0	-2,7	-3,3	-1,6	-0,8	-0,9	-0,8	116,4	122,2	127,9	132,2	133,8
CY	-5,8	-5,8	-4,9	-3,0	-3,0	-5,7	-5,5	-2,1	-0,8	-1,3	66,0	79,5	102,2	107,5	115,2
LV	-3,4	-0,8	-0,9	-1,1	-1,2	-1,1	-0,1	-1,0	-1,5	-1,6	42,7	40,9	38,2	40,3	36,3
LU	0,3	0,1	0,6	0,2	-0,4	0,8	1,5	2,0	1,1	0,4	18,5	21,4	23,6	23,0	24,3
MT	-2,6	-3,7	-2,7	-2,5	-2,6	-3,1	-3,8	-2,7	-2,7	-2,9	69,8	67,9	69,8	71,0	71,0
NL	-4,3	-4,0	-2,3	-2,5	-2,1	-3,8	-2,2	-0,6	-0,5	-0,8	61,3	66,5	68,6	69,7	70,3
AT	-2,6	-2,3	-1,5	-2,9	-1,8	-2,5	-1,8	-1,3	-1,1	-1,0	82,1	81,7	81,2	87,0	86,1
PT	-7,4	-5,5	-4,9	-4,9	-3,3	-5,4	-2,3	-1,9	-1,3	-1,7	111,1	124,8	128,0	127,7	125,1
SI	-6,2	-3,7	-14,6	-4,4	-2,9	-4,5	-1,8	-1,8	-2,5	-2,2	46,2	53,4	70,4	82,2	82,9
SK	-4,1	-4,2	-2,6	-3,0	-2,6	-4,1	-3,4	-1,4	-2,1	-1,3	43,5	52,1	54,6	54,1	54,9
FI	-1,0	-2,1	-2,4	-2,9	-2,6	-0,8	-1,1	-0,7	-1,1	-1,1	48,5	53,0	56,0	59,8	61,7
EA18	-4,1	-3,6	-2,9	-2,6	-2,4	-3,6	-2,1	-1,2	-1,1	-1,1	85,8	89,0	90,9	94,5	94,8

Sources: Eurostat ([budget balance](#) and [gross debt](#) data for 2011-13; data extraction: November 2014) and [COM Autumn Forecast, November 2014](#) (2013-14 data for all three indicators and all data for the structural balance).

General government gross debt in 2014 (% of GDP)



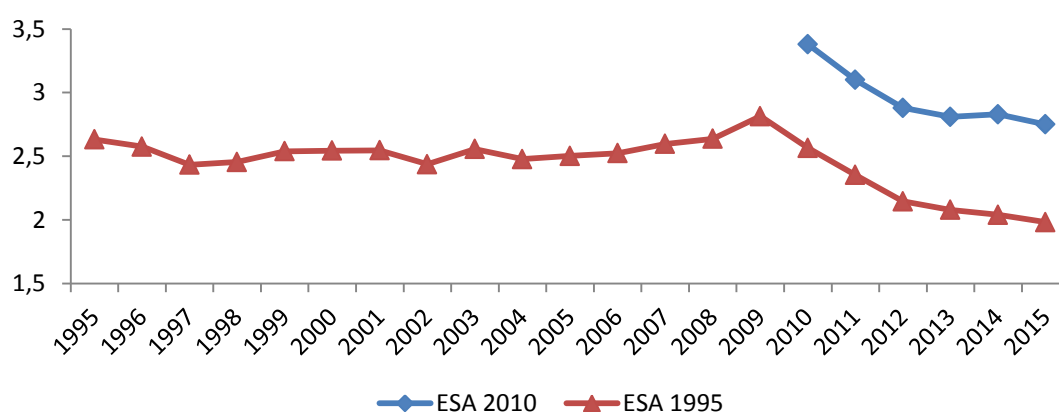
Source: [COM Autumn Forecast, November 2014](#).

Euro Area - General government revenue and expenditure (% of GDP)

	2011	2012	2013	2014	2015
Total revenue	44,8	45,8	46,5	46,7	46,7
Taxes on imports and production (indirect)	12,6	12,8	12,9	13,1	13,1
Current taxes on income and wealth	11,7	12,2	12,5	12,5	12,7
Social contributions	15,1	15,3	15,5	15,5	15,4
Other revenue	5,4	5,5	5,6	5,6	5,5
Total expenditure	49,0	49,4	49,4	49,3	49,0
Collective consumption	7,9	8,0	8,0	8,0	7,9
Social benefits in kind	13,0	13,0	13,1	13,1	13,0
Social benefits other than social transfers in kind	16,8	17,1	17,3	17,5	17,5
Interest	3,0	3,0	2,8	2,7	2,7
Subsidies	1,4	1,3	1,3	1,5	1,5
Gross fixed capital formation	3,1	2,9	2,8	2,8	2,7
Other expenditures	3,8	4,1	4,1	3,7	3,7

Source: [COM Autumn Forecast, November 2014](#) (total revenue and expenditure) and COM database [AMECO](#) (revenue and expenditure components; data extraction: November 2014); any differences are due to rounding.

General government gross fixed capital formation 1995-2015 (% of GDP)



Source: COM database [AMECO](#) (data extraction: November 2014).

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