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Main Aggregates of General Government  
2018 – Half-finalized data

## Main Aggregates of General Government

Statistics Portugal presents the provisional results on the main aggregates of General Government (GG) for 2018 sent to Eurostat in accordance with the ESA 2010 data transmission programme<sup>1</sup>.

According to these results, the GG sector presented a net borrowing of 913 million euro in 2018, corresponding to 0.5% of GDP.

The GG sector accounts are compiled in accordance with the concepts and definitions of the European System of National and Regional Accounts 2010 (ESA 2010). In addition, specific guidelines of the Manual on Government Deficit and Debt<sup>2</sup> are applied.

The results presented in this press release are fully consistent with the first notification of 2018 for the Excessive Deficit Procedure (EDP).

Table 1 presents the half-finalized data for the main aggregates of GG, differentiated by sub-sector, for 2018:

**TABLE 1: MAIN AGGREGATES OF GENERAL GOVERNMENT - HALF-FINALIZED DATA**

**TIME: 2018**

*Unit: Million euro*

Transaction code	Transaction label	General Government	Central Government	Local and Regional Government	Social security funds
		<b>S13</b>	<b>S1311</b>	<b>S1313</b>	<b>S1314</b>
<b>OTE</b>	<b>Total general government expenditure</b>	88 627	64 962	11 798	24 640
<b>OTR</b>	<b>Total general government revenue</b>	87 714	61 603	12 222	26 661
<b>B.9</b>	<b>Net lending (+)/Net borrowing (-) (National Accounts balance)</b>	-913	-3 358	424	2 021

Note:

For total revenue (OTR) and total expenditure (OTE) the sum of sub-sectors does not equal the sector value, due to consolidation effects in some transactions.

<sup>1</sup> Regulation (EU) n° 549/2013 of the European Parliament and of the Council, from 21th may 2013, on the European System of National and Regional Accounts.

<sup>2</sup> This document is available in <http://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-GQ-16-001>

The net borrowing balance of the GG sector was 913 million euro in 2018, which corresponds to 0.5% of GDP. This negative balance was driven by the Central Government, as both the Local and Regional Government and the Social Security Funds presented positive net balances.

The results obtained refers to the Portuguese National Accounts System according to the benchmark year 2011. The next to be publish in September 2019, will be prepared with reference to the new benchmark year 2016 of the Portuguese National Accounts. This revision will imply several changes, namely changes in sector delimitation that based on the information currently available point to a small positive impact in the net borrowing of GG.

Table 2 presents the half-finalized main components of GG revenue for 2017 and 2018:

**TABLE 2 - GENERAL GOVERNMENT REVENUE** *Unit: Million euro*

Transaction code	Transaction label	2017	2018
<b>OTR</b>	<b>Total Revenue</b>	<b>83 110</b>	<b>87 714</b>
	<b>Current Revenue</b>	<b>82 311</b>	<b>86 854</b>
	of which		
D.2	Taxes on production and imports	29 042	30 873
D.61	Social contributions	22 685	23 801
D.5	Current taxes on income, wealth, etc...	19 719	20 991
<b>D.9</b>	<b>Capital Revenue</b>	<b>798</b>	<b>860</b>

Compared to 2017, GG revenue increased 5.5% in 2018 (by 4 604 million euro). This evolution was largely due to improvements in current revenue as it represents 99% of total revenue.

Current revenue rose by 5.5% in 2018, driven by significant increases (bigger than 1 000 million euro) in the components with larger relative weight: taxes on production and imports rose 6.3%, current taxes on income and wealth showed a positive variation of 6.4% and social contributions increased 4.9%.

Capital revenue increased by 7.7%, as a result of the combined effect of an increase in investment grants received from European Union (by 17.9%, € 86 million) and a decrease in other capital transfers (by 7.3%, € 23 million) although it includes credit recovered of BPP – *Banco Privado Português* (166.3 million euro in 2018 and 72.7 million euro in 2017).

As a result of these variations, taxes on production and imports and current taxes on income and wealth accounted for 35.2% and 23.9% of total revenue, respectively (34.9% and 23.7% in 2016). Social contributions decreased 0.2 percentage points (p.p.) from 2016 to 2017, representing 27.1% of GG total revenue.

Table 3 presents the half-finalized main components of GG expenditure for 2017 and 2018:

**TABLE 3 - GENERAL GOVERNMENT EXPENDITURE** *Unit: Million euro*

Transaction code	Transaction label	2017	2018
<b>O.TE</b>	<b>Total Expenditure</b>	<b>88 876</b>	<b>88 627</b>
	<b>Current Expenditure</b>	<b>80 286</b>	<b>82 173</b>
	of which		
D.1	Compensation of employees	21 299	21 765
D.62	Social benefits other than social transfers in kind	32 159	33 134
D.41	Interest	7 437	6 956
<b>D.9+P.5+NP</b>	<b>Capital Expenditure</b>	<b>8 589</b>	<b>6 454</b>

GG total expenditure decreased by 0.3% from 2017 to 2018, as capital expenditure decreased 24.9% and current expenditure increased 2.3% in the same period.

The reduction in capital expenditure is, to a large extent, explained by the inclusion, in 2017, of the recapitalisation of *Caixa Geral de Depósitos* (CGD), that amounted to 3 944 million euro. In 2018, the capital transfers of GG include: *i*) a capital increase of 792 million euro in *Novo Banco*, made by *Fundo de Resolução*; *ii*) the loans of 127.8 million euro and the guarantee of 152.8 million euro conceded by *Direção Geral de Tesouro e Finanças* to the Credit Recovery Fund for the unqualified investors holding commercial paper of ESI and *Rio Forte* and *iii*) the concession of a guarantee of 65 million euro, by the Regional Government of Açores to SATA Air Açores. The expenditure in gross capital formation (investment) presented a positive variation of 3.9%, approximately 206 million euro.

Current expenditure rose 2.3% from 2017 to 2018, as a result of the combined effect on increases in both social benefits, other than social transfers in kind and compensation of employees (of 3.0% and 2.2%, respectively) and the reduction, by 6.5%, in interest payments (481 million euro).

As a result of these variations, the relative weight of capital expenditure in total expenditure decreased by 2.4 p.p. to 7.3%, from 2017 to 2018. Conversely, the relative weight of current expenditure increased to 92.7% in 2018 (90.3% in 2017). As for the main components of current expenditure, social benefits other than social transfers in kind increased 1.2 p.p., to 37.4% of total expenditure, compensation of employees increased from 24.0% to 24.6% and interest payments decreased 2.4 p.p., accounting for 7.3% of total expenditure.

Table 4 shows GG balances for 2017 and 2018:

**TABLE 4 - GENERAL GOVERNMENT BALANCES** *Unit: Million euro*

Transaction code	Transaction label	2017	2018
<b>B.9</b>	<b>Net lending (+) / Net borrowing (-) (National Accounts Balance)</b>	<b>-5 766</b>	<b>-913</b>
	<b>Current Balance</b>	2 025	4 681
<b>B.9 - D.41</b>	<b>Primary Balance</b>	1 671	6 043

The net borrowing of GG sector decreased 4 853 million euro from 2017 to 2018, attaining 913 million euro in 2018 (0.5% of GDP, that compares with 3.0% of GDP in 2017), as a result of the combined effect of the increase in total revenue (of 5.5%) and the decrease in total expenditure (of 0.3%).

The primary balance, *i.e.* the global balance net of interest payments, increased to 6 043 million euro in 2018, up by 4 372 million euro compared to 2017.