April 01, 2016

Government deficit and debt – 4. quarter of 2015

Balance repeatedly in surplus, indebtedness continues to decline

In the fourth quarter 2015, **the** **deficit of government institutions** expressed as a percentage of GDP has reached **1.48 percent**. Compared to the fourth quarter of 2014, deficit has been reduced by almost 2.13 percentage points (p.p.). Revisions of previous quarters of the current year result from updates of data sources.

Surplus/Deficit of government institutions, the Czech Republic, 4.Q2014-4.Q2015

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Unit | 2014 | 2015 | | | | |
| 4. quarter | 1. quarter | 2. quarter | 3. quarter | 4. quarter | 1.-4. quarter |
| Net lending/borrowing (surplus/deficit) of general government | CZK mill. | -40 391 | -18 194 | 8 760 | 8 167 | -17 415 | -18 682 |
| % of GDP | -3.61 | -1.76 | 0.78 | 0.72 | -1.48 | -0.42 |

*Notice: data are not seasonally-adjusted; data cannot be compared quarter-to-quarter*

Deficits have been recorded at all levels of the general government sector concurrently with declining trend in the amount of deficit compared to the fourth quarter of the previous year. On the resources side, the annual reduction in deficit has been primarily driven by rising revenues in form of the investment grants provided from abroad (by 94 percent), social contributions (8.3 percent) and taxes on production and imports (7.4 percent). On the uses side, gross capital formation expenditures have shown the most significant annual growth (48 percent) as well as social benefits (5.9 percent) and compensation to employees (3.9 percent). On the contrary, the interest expenditures have fallen by 12 percent in line with the development of the financial markets.

The Czech **government consolidated** **gross debt** has decreased on the annual basis by 1.63 percentage point to **41.06 percent of GDP;** compared to the previous quarter, decrease in relatively indebtedness has reached 0.34 percentage point. Decreasing trend is driven mainly by rising nominal GDP in comparison with the rate of growth in nominal debt.

Debt of government institutions, the Czech Republic 4.Q2014-4.Q2015

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Unit | 2014 | 2015 | | | |
| 4. quarter | 1. quarter | 2. quarter | 3. quarter | 4. quarter |
| Consolidated gross government debt | CZK mill. | 1 819 098 | 1 835 431 | 1 827 980 | 1 829 039 | 1 836 166 |
| % of GDP | 42.69 | 42.56 | 41.85 | 41.40 | 41.06 |

Shares of relevant instruments on the total debt remain stable over time with dominant position of debt securities (90 percent).

Data on quarterly government deficit and debt methodically corresponds to that provided within the framework of the notification of government deficit and debt. Compared to data published in October 2015, recently released fiscal indicators cover also economic results of public service media. Public service media have been reclassified into general government sector following the revised methodology laid down in the Manual on government deficit and debt. More detailed information on changes in the sector delimitation reflected in the second notification in 2015 and the recent notification can be found on the web in the section “Business register” (the Czech version only).

Indicators of government deficit and debt mentioned above are based on the accrual basis as requested by the methodology ESA2010 and the Manual on government deficit and debt. Accrual accounting records flows at the time economic value is created, transformed, exchanged, transferred or extinguished. Government surplus/deficit is represented by the item B.9 “net borrowing (-) or net lending (+)” in national accounts. It refers to the ability of general government sector to finance other sectors (+) or the need of general government sector to be financed (-) by other economic sectors. From the methodological point of view, the published indicators are fully consistent with the annual indicators used for the EDP purposes.

Deficit is compared with nominal GDP in given quarter. The amount of consolidated debt defined as sum of the items Currency and deposits, Debt securities and Loans, is compared with the sum of nominal GDP for the last four quarter. Fiscal indicators of quarterly government deficit and debt are regularly published within the Transmission programme (table 25, table 28) on the web [www.czso.cz](http://www.czso.cz) in the section “GDP, National Accounts” (<http://apl.czso.cz/pll/rocenka/rocenka.indexnu_gov?mylang=EN>)

Notices:

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