



Press release

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Budget deficit down substantially in 2005

The balance of the Dutch government budget according to the EMU definition came to -0.3 percent of GDP for 2005. This means the government deficit stayed well within the limits of the European 3 percent norm. The government deficit according to the EMU definition is also substantially lower than in 2004 when it reached 1.9 percent. The EMU government debt reached 52.9 percent of GDP in 2005 according to the latest figures by Statistics Netherlands.

The EMU 2004 figures were adjusted in comparison to the earlier estimate in July 2005 when the budget deficit for 2004 was 2.1 percent.

Slight surplus for central government

The revenues of central government exceeded expenditure by 0.2 billion euro in 2005. It was the first time since 2000 that central government had a surplus. The economic recovery and banking by the state meant that tax revenues increased substantially, especially dividend and corporate tax. Furthermore environmental levies were up due to a rates hike. Income tax and premiums hardly changed in comparison with 2004. Central government received over 1 billion more in revenues from natural gas, and interest charges fell. The rest of central government also made a positive contribution of 0.2 billion euro to the balance.

The local government deficit reached 1.6 billion euro. Municipalities and water boards had a deficit due to maintaining a high investment level, provinces had a surplus. After the small surplus in 2004, the social funds had a deficit of 0.3 billion euro in 2005. On balance the total government deficit reached 1.4 billion euro.

Deficit of 2004 lower than estimated before

The EMU balance for 2004 was upwardly adjusted by almost 0.8 billion euro after new information was supplied by the local government. Large municipalities had a surplus in 2004. The adjustment meant that the budget deficit in 2004 reached 1.9 percent of GDP, 0.2 percent points less than in the previous estimate

EMU debt increases slightly

The EMU debt increased by 8.8 billion euro in 2005, which meant that it increased from 52.6 percent in 2004 to 52.9 percent in 2005. The European upper limit is 60 percent. The increased debt is primarily financed by long-term loans. These have increased on balance by the emission of government

bonds worth 5 billion euro and 1.1 billion euro worth of loans taken out by local government. Short-term debt increased slightly by 2.5 billion euro.