

## FinMinCitu: Deficit after first 10 months is 74.04 billion RON, namely 7 pct of GDP

**The budget deficit after the first ten months of this year stands at 74.05 billion RON, meaning 7 pct of the GDP, the Finance Minister, Florin Citu, announced in a press conference on Thursday.**

"The deficit after the first 10 months is 74.04 billion RON, meaning 7 pct of the GDP. Of this sum, 40.74 billion RON, namely 3.88 pct of the GDP, represents the amounts that have remained in the economy through the means of fiscal facilities, investments, exceptional expenses allotted to combat the effects of the COVID-19 pandemic. Let us be clear, if in 2020 we hadn't had this health crisis and we wouldn't have had additional expenses generated by the health crisis, the budget deficit after 10 months would have been approximately 3 pct of the GDP, which means that we would have been precisely in our initial program," explained Citu.

After the first nine months of 2020, the budget deficit was of 67.27 billion RON (6.36 pct of the GDP), while the execution of the consolidated budget ended on the first ten months of 2019 with a deficit of 28.83 billion RON, namely 2.8 pct of the GDP.

According to the execution of the general consolidated budget on October 31, 2020, the increase of the budget deficit associated to the first ten months of the current year, compared to the one recorded in the similar period of last year, is explained, on the income side, by the unfavorable evolution of the budget incomes in the March-October period due to the crisis, but also following the deferral of payment of some fiscal obligations by economic agents during the crisis (16.29 billion RON), by the increase by 3.08 billion RON of VAT restitutions, over the level associated to the January-October 2019 period, in order to support liquidity in the private sector, as well as by the rebates for paying before due taxes on profit and that on the incomes of micro-enterprises, worth 900 million RON.

On the expense side, regarding the budget increase by the effects of laws, an increase in investment spending by 8.7 billion RON was recorded over the same period of the previous year, as well as payments with exceptional character generated by the COVID-19 pandemic, worth approximately 11.8 billion RON.

The incomes of the general consolidated budget totaled 263.48 billion RON in the first ten months of the year 2020, with an advance of 0.9 pct over the level reported in the corresponding period of last year. Expressed as a share of the estimated GDP, the budget incomes recorded an increase of 0.5 percentage points, determined mostly by the dynamic of incomes from European funds, shows the data of the Finance Ministry.

The expenses of the general consolidated budget, totaling 337.52 billion RON, have increased in nominal terms by 16.4 pct over the same period of last year. Expressed as a percentage of the GDP, expenses recorded an increase by 4.77 percentage points from 27.4 pct of the GDP in 2019 to 32.1 pct of the GDP in 2020.

According to the MFP, the increase in spending was caused also by the measures envisaged to combat the COVID-19 epidemic, namely the sums necessary to urgently finance the expenses necessary to manage the epidemiological situation caused by the spreading of the SARS-CoV-2 virus, on one hand, as well as measures with exceptional character, in the social and economic domain, in order to diminish the negative effects on the economy caused by the measures adopted to limit the infection among the population.

This year's third budget revision increased the 2020 budget deficit from 9.1 pct of the GDP, to 8.6 pct of the GDP, as previously estimated. The budget revision took into account an economic contraction of 4.2 pct for this year.