6. Fiscal Trends and Policy

In the period January-April 2017, a noticeable growth of public revenue was realised, while public spending recorded a mild decline. Consequently, a consolidated fiscal surplus of 21.5 billion dinars was realised in this period (around 1.5% of four-month GDP). The growth of public revenue in the first four months was widespread and was the result of the growth of turnover and imports, growth of profitability of the economy in the previous year, increase in the excise rates, and combating grey economy. The decline of spending was also widespread, and the highest decrease was recorded in capital spending and subsidies. Positive fiscal trends continued in May as well, since the budget revenue of the Republic continued its real year-on-year growth, and a moderate surplus in the budget was realised in that month. The fiscal result achieved in the first four months of 2017 was better by around 40 billion dinars compared to the plan, out of which, around one half was thanks to a higher tax collection rate, while the rest was the result of an aggressive collection of non-tax revenue and slower realisation of capital spending. If the trends from the previous part of the year, especially in terms of tax collection, continue, and non-tax revenue and public spending are realised according to plan, the consolidated fiscal deficit in 2017 could be less than 1% of GDP. However, good fiscal results and the upcoming expiration of the IMF agreement affect the rising pressure of the public and Government's promise concerning the cutting of taxes and considerable increase of spending, which could already next year make the fiscal deficit significantly higher. Therefore, in order to have a long-lasting stabilisation of public finances and to reduce the public debt, it would be good to conclude a new agreement with the IMF for the next three years, which would focus not only on the general fiscal framework, but also on the structural reforms of the public sector. Public debt at the end of April 2017 was 70.1% of GDP, by over 4% of GDP lower than at the end of 2016, primarily because of the real appreciation of the dinar against the dollar and the euro, as well as because of the favourable current fiscal trends.

Fiscal Tendencies and Macroeconomic Implications

In the first four months of 2017, a consolidated surplus of 21.5 billion dinars was realised (1.5% of GDP) …

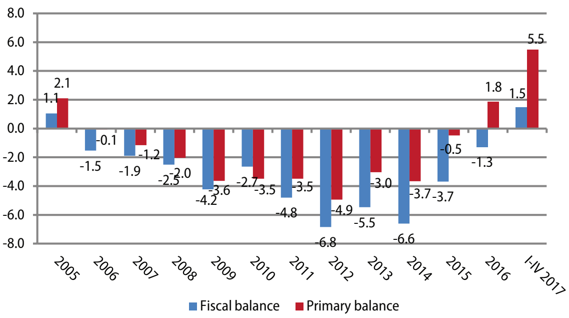
In the period January-April 2017, a significant real growth of public revenue was realised compared to the same period last year and compared to the previous four months, while public spending continued its moderate real decline. Therefore, a consolidated fiscal surplus of 21.5 billion dinars was realised in this period (around 1.5% of the four-month GDP).

Positive fiscal trends continued in May as well

Positive fiscal trends continued in May as well, since budget revenue of the Republic continued its year-on-year growth in a a similar dynamic as in the previous months, while spending recorded a mild decline, so a budget surplus was realised that month of around 1.8 billion dinars.

In the period January-April 2017, tax revenue recorded a high, widely spread growth

Graph T6-1 Serbia: Consolidated Fiscal Balance and Primary Balance (% GDP)



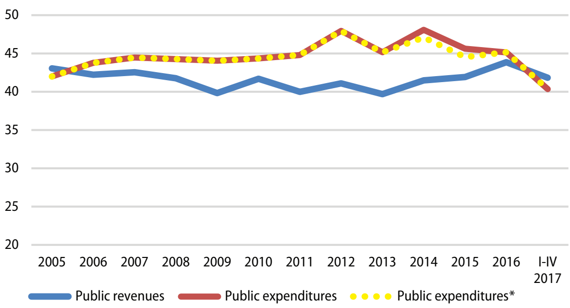
Source: *QM* calculation

In the period January-April 2017, consolidated tax revenue realised a high year-on-year real growth (by 4.7%), as well as a seasonally adjusted real growth (by 2.5%) compared to the previous four months. The growth of revenue was widespread, since all forms of tax revenue recorded an increase. The biggest relative growth compared to the first four months of 2016 was recorded in corporate income tax (by 27.4%), which is the result of a pronounced pro-cyclicality of this tax, which in the period of crisis had the biggest decline, and in the period of economic recovery the highest growth. Beside the pro-cyclicality of the corporate income tax, the high growth of revenue is partly the result of delayed effect of cancelling tax investment loan. Still, in absolute amounts, the highest contributions to the growth of tax revenue came from the increase in VAT revenue (2.1%), social contributions (6.2%), and excise (6.3%). Revenue from consumption tax had a solid growth in the first four months of 2017, thanks to increased spending, which is partly owed to the increase in wages of the public sector and pensions over the year, as well as to the considerable growth of imports and increase of excise tax at the beginning of the year, and probably to the combating of the grey economy as well. Revenue from tax on production factors also achieved a considerable growth in the first four months. High real year-on-year growth of revenue from personal income tax (4.2%) and social contributions was the result of moderate growth of formal employment, thanks to the mild growth of economic activity, combating grey economy, and increase of wages.

Aggressive collection of non-tax revenue continues

Even though non-tax revenue in the first four months of 2017 was lower by around 1.9% compared to the same period last year, that decline was smaller than planned, since it was expected that non-tax revenue in 2017 would be lower by around 15% than in 2016. This indicates a continuation in the policy of aggressive collection of dividends from public and state-owned enterprises. Since this policy has been implemented for several years, it could reflect negatively on their business performance, on the availability and quality of their products and services, as was the case with Elektroprivreda Srbije (Serbia's power company) at the beginning of this year. Instead of the aggressive collection of dividends, the state should enable and stimulate these enterprises to invest these profits, which would have a positive effect on the overall investment level in the country, which is low, as well as on the performance of these companies in the future.

Graph T6-2 Serbia: Consolidated Public Revenue and Public Spending (% GDP)[1]



Source: *QM* calculation based on MoF data

Almost all categories of public spending continued their decline, the highest being in capital spending and subsidies

Public spending in the period January-April 2017 recorded a moderate real decline compared to the same period last year (by 4.4%), and a real seasonally adjusted decline was realised compared to the previous four months as well (by 4.2%). The decrease of spending in the first four months was widely spread, since a real decrease was recorded in almost all types of spending. The relative decline was the highest in capital spending (by one third), as well as in spending on subsidies (by 10%).

The fall of capital spending was higher than could be explained by weather conditions

The fall of capital spending by over one third compared to the same period last year (i.e. by almost 30% compared to the previous four months), so that it was only 1.5% of GDP in the first four months of 2017, can partly be explained by extremely unfavourable weather conditions in January, indicated by the fact that the decline was bigger in January than in February. However, since capital spending in April was by almost 30% lower than in the same month of the previous year, there is a risk that the decline of capital spending in the first four months of 2017 was affected by other factors as well. In 2017, growth of capital spending by around 6% is planned, or by around 0.2% of GDP. If the trends from the previous part of the year continue in the coming months as well, there is a risk that the planed target will not be achieved. This would not be good for the improvement of quality of infrastructure and economic growth, because the planned amount of capital spending for this year is also considerably smaller than in other countries of the Central and Eastern Europe.

The significant reduction of spending on subsidies in the first four months of 2017 are estimated as right and necessary, but in order to achieve the planned reduction at the level of the entire year by around 20%, it is necessary for the spending on subsidies in the rest of the year to be additionally reduced. Besides this spending, a moderate real decline of spending on interests

1 Public spending* is adjusted for one-off spending on subsidies and pensions in December 2014 and 2015.

was realised in the first four months of 2017, which was the result of a mild decline in the level of public debt, reduction in the country risk (thanks to the stabilisation of public finances), real appreciation of dinar, and general favourable conditions on the international capital market.

The most significant categories of spending – on pensions and wages of public sector employees, recorded a mild real decline in the first four months (by 2.6% and 1.6%, respectively) due to low indexation, continued policy of hiring freeze in the public sector, and effects of parametric pension system reform from 2014. The reform referred mostly to raising the retirement age limit and introducing penalties for early retirement, which is estimated as justified and in line with practices in almost all European countries. Revision of parametric pension reform from 2014 via announced abolishing of penalties for early retirement, which was a precondition for concluding the agreement with IMF, had a negative impact on sustainability of the pension system and public finances, as well as on the credibility of the Government and the state in international financial institutions.

The general hiring freeze should be replaced by a targeted reduction in the number of employees in certain segments of the public sector

Even though the hiring freeze in the public sector in the last three years resulted in a considerable reduction in the number of employees, the structure of that reduction is assessed as negative, since it was mostly linear, instead of targeting those segments of the public sector where the surplus of employees is the highest (public enterprises, local self-governments, etc.). Therefore, in order to avoid jeopardising the functioning of certain segments of the public sector, in the coming period, the general hiring freeze should be replaced by a targeted reduction in the number of employees in those segments where the surplus of employees is the highest.

The fiscal result in the first four months was by around 40 billion dinars better compared to the plan…

Considering intra-annual dynamics of public revenues and spending over the past few years, it is estimated that the fiscal result realised in the first four months of 2017 was better compared to the planned one by around 40 billion dinars. One half of that is owed to the higher tax collection, while the other half is thanks to the agreessive collection of non-tax revenue and weak realisation of capital spending.

...where one-half is owed to the higher tax collection, while the other half is thanks to the aggressive collection of non-tax revenue and weak realisation of capital spending

Based on the usual intra-annual dynamic, it is estimated that tax revenue in the period January -April 2017 was higher by over 20 billion dinars compared to the plan, and the plan was exceeded in all forms of tax. Better collection of tax revenue compared to the plan could be a result of accelerated inflation, considerable growth of imports, higher profitability of the economy, and combating grey economy. At the same time, non-tax revenue recorded a decline, which is significantly lower than planned, while capital spending had a strong y-o-y fall, even though it was planned that in 2017 it would be higher than in the previous year. Thus, the non-tax revenue collection in the period January-April was higher by around 12 billion dinnars than planned, while capital spending was lower than planned by around 8 billion dinars. Flows in public spending, aside capital spending, in the first four months of 2017 were mostly in line with the plan, even though certain types of spending had some deviations.

Fiscal deficit in 2017 could be lower than 1% of GDP

If the trends related to the dynamic of tax collection realised in the first four months continue for the rest of the year as well, if non-tax revenue and public spending are realised in line with the plan, and if the state assumes no further non-guaranteed obligations of public and state enterprises, the consolidated fiscal deficit in 2017 could be less than the planned 1% of GDP. This would be considered a good result, since it was planned to be around 1.7% of GDP, and it would contribute to the decrease of public debt. However, positive fiscal trends lead to stronger pressures and promises in terms of reducing the taxes and increasing the revenues (e.g. high increase of wages and pensions, abolishing penalties for early retirement, etc.).

…but there are still risks of its considerable growth in the coming years, after the expiration of the IMF agreement

Pressures, promises and expectations of this kind will only increase as the three-year agreement with IMF approaches its end. The realisation of these promises would have a very negative effect on the sustainability of public finances in the coming period, since these measures would neutralise a significant part of the fiscal adjustment achieved so far. Therefore, in order to strengthen to results achieved so far and secure a considerable reduction of public debt in the coming period, we recommend that the arrangement with IMF be renewed, which would in this new cycle focus more on structural reforms of the public sector.

Public Debt Trend Analysis

Serbia's public debt at the end of April 2017 was 24.2 billion euros (69.1% of GDP)…

…and when the debt of local communities is included – 70.1% of GDP

At the end of April 2017, Serbia's public debt was 24.2 billion euros (69.1% of GDP), and when non-guaranteed debt of the local communities is included, it was around 70.1% of GDP, which is by around 660 million euros less compared to the end of 2016.

In relative amounts, the debt at the end of April 2017 was by around 4% of GDP lower compared to the end of 2016, because of the nominal reduction of the public debt and mild growth of GDP. Observed by debt structure, there was a reduction in the direct debt in the period January-April (by around 540 million euros), as well as the indirect debt (by around 120 million euros).

The reduction of debt in the period January-April was the result of the appreciation of dinar and favourable fiscal trends

The significant reduction of the public debt in the period January-April was the result of the appreciation of dinar primarily against the dollar, as well as the favourable fiscal trends, so there was no need for additional net borrowing in order to finance the fiscal deficit in the current period. The dinar exchange rate against the dollar in the period January-April significantly appreciated by 6%, while against the euro, the real appreciation of dinar was significantly lower and was around 1.6%. Considering the currency structure of Serbia's public debt, the appreciation of dinar against the dollar and the euro affected the nominal reduction of the public debt by over 600 million euros, which neutralised the majority of the negative effects of the change in the exchange rate on the amount of the public debt at the end of 2016. Part of the public debt reduction in the period January-April could be considered temporary, since the dinar exchange rate against the dollar is extremely volatile.

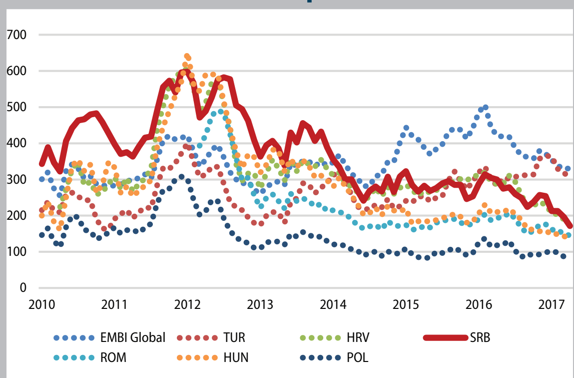
Table T6-3 Serbia: Public Debt[1] 2000-2017.

	Amount at the end of period, in billions EUR														
	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017	Apr 2017
I. Total direct debt	14.2	9.6	8.6	8.0	7.9	8.5	10.5	12.4	15.1	17.3	20.2	22.4	22.7	22.5	22.1
Domestic debt	4.1	4.3	3.8	3.4	3.2	4.1	4.6	5.1	6.5	7.0	8.2	9.1	8.8	8.7	8.7
Foreign debt	10.1	5.4	4.7	4.6	4.7	4.4	5.9	7.2	8.6	10.2	12.0	13.4	13.9	13.8	13.4
II. Indirect debt	-	0.7	0.8	0.8	0.9	1.4	1.7	2.1	2.6	2.81	2.5	2.4	2.1	2.0	2.0
III. Total debt (I+II)	**14.2**	**10.3**	**9.4**	**8.9**	**8.8**	**9.8**	**12.2**	**14.5**	**17.7**	**20.1**	**22.8**	**24.8**	**24.8**	**24.5**	**24.2**
Public debt / GDP (MF)[2]	**201.2%**	**50.2%**	**35.9%**	**29.9%**	**28.3%**	**32.8%**	**41.8%**	**45.4%**	**56.2%**	**59.6%**	**70.4%**	**75.5%**	**72.9%**	**69.2%**	**67.7%**
Public debt / GDP (QM)[3]	**169.3%**	**52.1%**	**36.1%**	**29.9%**	**28.3%**	**32.8%**	**41.9%**	**44.4%**	**56.1%**	**59.4%**	**70.4%**	**74.6%**	**73.2%**	**70.7%**	**69.1%**

1) According to the Public Debt Law, public debt includes debt of the Republic related to the contracts concluded by the Republic, debt from issuance of the t-bills and bonds, debt arising from the agreement on reprogramming of liabilities undertaken by the Republic under previously concluded contracts, as well as the debt arising from securities issued under separate laws, debt arising from warranties issued by the Republic or counterwarranties as well as the debt of the local governments, guaranteed by the Republic.
2) Estimate of the Ministry of Finance of the Republic of Serbia
3) *QM* estimate (Estimated GDP equals the sum of nominal GDP in the current quarter and three previous quarters)
Source: *QM* calculations based on the MoF data111110117.1315113.365

Box 1 Risk Premium Movements of Investing in State Bonds of the Central and Eastern European Countries

Graph T6-4 EMBI for the Countries of the Central and Eastern Europe

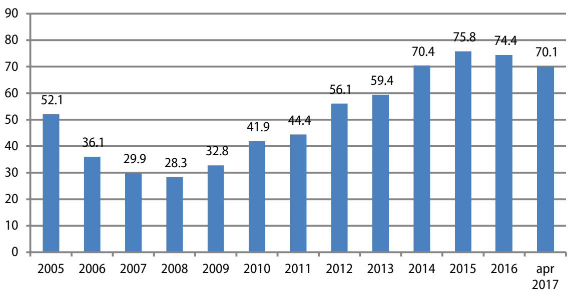


Source: Author's calculations based on numerous publicly available sources

Strong fiscal adjustment, improved sustainability of public finances, as well as the favourable trends on global financial markets, led to a considerable reduction in the risk premium on state bonds of the Republic of Serbia. The Emerging Market Bond Index (EMBI) for Serbia at the end of April was around 170 base points, which is close to the average of the observed countries of the Central and Southeast Europe. Out of the observed countries, Hungary, Romania and Poland have a lower value of EMBI, while Croatia and Turkey have a higher value than Serbia (Graph T6-4). The decline of EMBI is positively reflecting on the conditions for new borrowing, but it still does not reflect on the overall cost of interest, since the new loans, taken out primarily for the payments of matured debts, are still a small part of the overall debt. In order to have a more considerable reduction of the cost of interest, it is necessary to further reduce and stabilise at a low level the risk premiums for investing in Serbia's state bonds in the longer term, so that the share of new, cheaper loans would significantly increase. Comparison with countries of similar development level (e.g. Romania) indicates that there is room for further reduction of the risk premium on Serbia's state bonds, and that it requires permanent stabilisation of public finances. Any new fiscal expansion, which is at risk of occurring, especially after the expiration of the IMF agreement at the beginning of 2018, would affect the considerable growth of EMBI for Serbia, and a new increase of interests on new borrowing. Considering that a growth of interest rates on the global market is expected in the coming period due to the reduced expansiveness of the monetary policies of ECB and FED, in order to keep the interest rates of Serbia's borrowing at a low level, it is necessary to further reduce the country risk, i.e. EMBI, which can be achieved only under the assumption of further macroeconomic stabilisation.

After many years of significant increase, the strong fiscal adjustment and economic growth in 2016 led to a moderate decrease of public debt in relation to GDP. Positive trends in the dynamic of the public debt continued at the beginning of 2017 as well, which is the result of not only favourable fiscal results (achieved surplus in the consolidated state budget), but also the appreciation of the dinar against the euro. In order to continue the trend of reducing the level of the public debt, it is necessary for the fiscal deficit to be permanently stabilised at a level of up to 1% of GDP, to permanently remove the fiscal risks stemming from public and state enterprises by conducting their essential restructuring and privatisation (where it is justified), as well as for the state to cease with the practice of assuming non-guaranteed debts of the state and public enterprises.

Graph T 6-5 Trends of Serbia's Public Debt (% GDP)



Source: *QM* calculations

Annexes

Annex 1. Serbia: Consolidated General Government Fiscal Operations, 2010-20176 (bn RSD)

	2010	2011	2012	2013	2014	2015	2016					2017	
							Q1	Q2	Q3	Q4	Q1-Q4	Q1	jan-apr
I PUBLIC REVENUES	**1,278.4**	**1,362.6**	**1,472.1**	**1,538.1**	**1,620.8**	**1,694.8**	**414.7**	**460.8**	**476.9**	**490.3**	**1,842.7**	**449.9**	**606.8**
1. Current revenues	1,215.7	1,297.9	1,393.8	1,461.3	1,540.8	1687.6	413.3	458.8	472.5	488.7	1833.3	448.0	604.7
Tax revenue	1,056.5	1,131.0	1,225.9	1,296.4	1,369.9	1463.6	353.2	405.0	405.3	422.2	1585.8	386.4	527.3
Personal income taxes	139.1	150.8	35.3	156.1	146.5	146.8	34.5	37.7	40.5	42.4	155.1	37.5	51.2
Corporate income taxes	32.6	37.8	54.8	60.7	72.7	62.7	13.3	31.1	18.1	17.8	80.4	18.9	25.1
VAT and retail sales tax	319.4	342.4	367.5	380.6	409.6	416.1	103.8	114.9	112.7	122.0	453.5	109.6	155.3
Excises	152.4	170.9	181.1	204.8	212.5	235.8	57.4	65.5	75.2	67.5	265.6	64.9	84.9
Custom duties	44.3	38.8	35.8	32.5	31.2	33.3	8.6	8.7	9.2	9.9	36.4	9.3	12.4
Social contributions	323.0	346.6	378.9	418.3	440.3	505.7	120.5	130.8	132.6	143.6	527.5	129.6	20.4
Other taxes	46.0	43.5	42.6	43.5	57.3	63.3	15.1	16.3	16.9	19.0	67.3	16.6	178.0
Non-tax revenue	159.2	36.9	37.9	34.9	170.9	224.0	60.1	53.8	67.1	66.5	247.5	61.6	77.5
II TOTAL EXPENDITURE	**-1,419.5**	**-1,526.1**	**-1,717.3**	**-1,750.2**	**-1,878.9**	**-1,844.0**	**-430.7**	**-462.9**	**-463.1**	**-543.0**	**-1,899.7**	**-438.1**	**585.3**
1. Current expenditures	-1,224.8	-1,324.8	-1,479.9	-1,549.8	-1,628.0	-1696.6	-403.9	-419.5	-416.4	-478.2	-1,717.9	-415.7	553.3
Wages and salaries	-308.1	-342.5	-374.7	-392.7	-388.6	-419.2	-99.8	-104.6	-103.7	-109.5	-417.7	-102.5	137.3
Expenditure on goods and services	-202.5	-23.3	-235.7	-236.9	-256.8	-257.6	-57.5	-67.2	-68.4	-90.6	-283.6	-60.4	82.1
Interest payment	-34.2	-44.8	-68.2	-94.5	-115.2	-129.9	-45.9	-32.0	-31.6	-22.0	-131.6	-47.4	58.1
Subsidies	-77.9	-80.5	-111.5	-101.2	-117.0	-134.7	-18.0	-24.1	-20.4	-50.2	-112.7	-18.9	26.4
Social transfers	-579.2	-609.0	-652.5	-687.6	-696.8	-710.0	-171.9	-176.3	-178.3	-190.3	-716.8	-174.5	233.7
o/w: pensions5)	*-394.0*	*-422.8*	-473.7	-498.0	-508.1	-490.2	-122.1	-123.8	-123.2	-125.2	-494.2	-123.1	164.5
Other current expenditures	-22.9	-31.7	-37.4	-36.9	-53.7	-45.3	-10.7	-15.3	-13.9	-15.7	-55.6	-11.9	15.7
2. Capital expenditures	-105.1	-111.1	-126.3	-84.0	-96.7	-114.5	-17.4	-31.2	-37.5	-53.1	-139.3	-12.0	21.2
3. Called guarantees	-2.7	-3.3	-3.7	-7.9	-29.7	-30.1	-8.7	-11.2	-8.2	-11.0	-39.1	-8.3	8.3
4. Buget lendng	-30.0	-25.0	-38.2	-35.6	-55.4	-2.7	-0.6	-1.0	-1.0	-0.7	-3.3	-2.2	2.5
CONSOLIDATED BALANCE	**-141.0**	**-163.5**	**-245.2**	**-212.1**	**-258.1**	**-149.1**	**-16.0**	**-2.1**	**13.8**	**-52.8**	**-57.1**	**11.8**	**21.5**

Source: *QM* calculations based on the MF data

Annex 2. Serbia: Consolidated General Government Fiscal Operations, 2010-2017 (real growth rates, %)

	2010	2011	2012	2013	2014	2015	2016					2017	
							Q1	Q2	Q3	Q4	*Q1-Q4*	Q1	jan-apr
I PUBLIC REVENUES	**-1.5**	**-4.6**	**0.6**	**-2.2**	**3.2**	***3.1***	**7.4**	**7.8**	**9.2**	**5.6**	***7.5***	***5.2***	***3.8***
1. Current revenues	-1.5	-4.4	0.1	-2.6	3.3	*3.3*	7.3	7.9	8.6	5.8	*7.4*	*5.1*	*3.8*
Tax revenue	-2.5	-4.1	1.0	-1.7	3.5	*0.3*	7.1	9.2	7.5	4.8	*7.2*	*6.1*	*4.7*
Personal income taxes	-3.9	-2.9	2.1	-12.2	-8.1	*-1.2*	4.5	5.2	6.8	1.6	*4.5*	*5.6*	*4.2*
Corporate income taxes	-3.6	3.9	35.1	2.9	17.4	*-15.0*	1.2	19.3	55.8	43.4	*26.9*	*37.6*	*27.4*
VAT and retail sales tax	-0.7	-4.0	0.0	-3.8	5.4	*0.2*	6.4	14.1	3.2	7.7	*7.8*	*2.4*	*2.1*
Excises	4.2	0.6	-1.2	5.1	1.6	*9.4*	22.2	13.8	16.6	-2.9	*11.4*	*9.5*	*6.3*
Custom duties	-14.9	-21.5	-14.0	-15.6	-6.5	*5.9*	7.4	9.6	10.2	5.4	*8.1*	*5.1*	*4.8*
Social contributions	-6.5	-3.9	1.9	2.6	3.1	*-2.1*	2.7	3.2	3.7	2.9	*3.2*	*4.3*	*6.2*
Other taxes	14.5	-15.2	-8.8	-5.2	29.2	*8.9*	10.9	0.7	-2.8	12.7	*5.1*	*7.0*	*3.6*
Non-tax revenue	5.8	-6.1	-6.2	-8.7	1.5	*27.9*	8.5	-1.1	15.9	12.8	*9.3*	*-0.5*	*-1.9*
II TOTAL EXPENDITURE	**-1.7**	**3.3**	**4.3**	**-0.3**	**5.2**	***-3.2***	**5.7**	**4.9**	**2.3**	**-3.7**	***1.9***	***-1.3***	***-4.4***
1. Current expenditures	-2.2	3.1	4.1	-2.7	2.9	*-1.4*	3.7	2.7	0.4	-5.1	*0.2*	*-0.2*	*-2.6*
Wages and salaries	-5.9	0.4	2.0	-2.6	-3.1	*-9.7*	-0.4	-0.4	-0.4	-4.5	*-1.4*	*-0.4*	*-1.6*
Expenditure on goods and services	-0.3	4.3	1.5	-6.6	6.2	*-1.1*	11.3	13.5	4.2	7.7	*8.9*	*2.1*	*-0.3*
Interest payment	-0.3	17.4	41.9	28.8	19.3	*11.2*	11.6	-2.6	-3.4	-10.4	*0.2*	*0.2*	*-4.5*
Subsidies	40.6	7.4	29.1	-15.6	13.2	*13.6*	-5.3	0.5	-20.0	-26.2	*-17.3*	*1.7*	*-10.0*
Social transfers	13.9	5.8	-0.1	-2.1	-0.7	*0.5*	1.6	0.8	1.0	-3.7	*-0.1*	*-1.6*	*-2.0*
o/w: pensions5)	-3.9	3.9	*4.4*	*-2.3*	*-0.1*	*-4.8*	-0.5	0.2	-0.2	-0.8	*-0.3*	*-2.3*	*-2.6*
Other current expenditures	-6.1	23.9	9.9	-8.4	42.6	*-16.7*	30.0	21.8	39.9	4.0	*21.4*	*7.8*	*-11.6*
2. Capital expenditures	-11.8	5.3	6.0	-38.2	12.7	*16.8*	64.1	30.7	25.3	3.6	*20.3*	*-33.5*	*-33.6*
3. Called guarantees	-2.7	-3.3	-3.7	248.7	267.8	*0.1*	25.3	36.0	8.2	43.4	*28.5*	*-7.9*	*-24.9*
4. Buget lending	-30.0	-25.0	-38.2	44.2	52.2	*-95.1*	27.7	19.9	43.7	-3.3	*20.8*	*243.9*	*166.7*

Source: *QM* calculations based on the MF data