



Bruksela, dnia 27 listopada 2013 r.

KANCELARIA SENATU

Przedstawiciel Kancelarii Senatu  
przy Unii Europejskiej

**Sprawozdanie nr 111/2013**

**SPRAWOZDANIE NT. PAKIETU WS. NADZORU BUDŻETOWEGO  
dla 13 państw członkowskich strefy euro i 3 spoza (w tym Polski)**

**Bruksela, 15 listopada 2013 r.**

Komisja Europejska przedstawiła w dniu 15 listopada obszerny pakiet dokumentów dotyczących nadzoru budżetowego, obejmujący 13 państw członkowskich należących do strefy euro oraz 3 kraje spoza niej. Szczególną uwagę poświęcono również całej strefie euro, jako odrębnemu obszarowi gospodarczemu. Po raz pierwszy w historii Komisja wydała opinie na temat projektów planów budżetowych państw członkowskich należących do strefy euro. Począwszy od tego roku rząd każdego z nich musi do 15 października przedłożyć Komisji swój projekt, równocześnie nie przesyłając go do parlamentu krajowego. Komisja opublikowała również oceny dotyczące zastosowania się przez państwa członkowskie do zaleceń Rady wydanych w ramach procedury nadmiernego deficytu, ewentualnego naruszenia kryteriów deficytu i długu w rozumieniu paktu stabilności i wzrostu oraz – w przypadku niektórych krajów – mających wpływ na budżet planów reform strukturalnych nakreślonych w programach partnerstwa gospodarczego.

Według Komisji Europejskiej Polska nie podjęła skutecznych działań w 2013 roku w odpowiedzi na zalecenia Rady i nie spełniła celu dotyczącego redukcji deficytu w tym roku. W 2014 roku główny cel może być spełniony, ale tylko za sprawą jednorazowego transferu aktywów z funduszy emerytalnych, co jednak nie gwarantuje trwałej korekty w kolejnych latach. W świetle tej oceny Komisja przyjęła nowe rekomendacje dla Polski zalecające redukcję nadmiernego deficytu najpóźniej do 2015r.

**Olli Rehn**, wiceprzewodniczący Komisji Europejskiej ds. gospodarczych i walutowych oraz euro, powiedział: „Osiągniemy już punkt zwrotny na drodze do ożywienia koniunktury, a dzisiejszy dzień stanowi istotny moment w procesie wdrażania wzmocnionych zasad zarządzania gospodarczego w UE. Przedstawione dziś przez Komisję opinie na temat

krajowych planów budżetowych stanowi dla państw członkowskich wsparcie w ich dążeniu do zapewnienia bardziej dynamicznego wzrostu gospodarczego oraz stabilności finansów publicznych. Unia gospodarcza i walutowa oznacza bowiem, że wpływ krajowych decyzji budżetowych może znacznie wykraczać poza granice poszczególnych państw. Państwa członkowskie powierzyły Komisji zadanie przygotowywania tych opinii i jestem przekonany, że zostaną one uwzględnione przez krajowych decydentów politycznych".

## **Pakiet zawiera cztery następujące grupy dokumentów:**

### **1. Opinie w sprawie projektów planów budżetowych**

Zasadniczy element pakietu stanowi wydane po raz pierwszy opinie na temat projektów planów budżetowych na 2014 r. przedłożonych przez 13 państw strefy euro, które nie są objęte programem dostosowania makroekonomicznych (czyli wszystkie z wyjątkiem Cypru, Grecji, Irlandii i Portugalii). Opinie te stanowią wczesny sygnał co do zgodności budżetów krajowych z zobowiązaniami wynikającymi z paktu stabilności i wzrostu, zanim budżety te zostaną uchwalone.

### **2. Oceny podjęcia skutecznych działań przez państwa członkowskie**

Komisja dokonała oceny działań podjętych przez siedem państw członkowskich w odpowiedzi na ostatnie zalecenia Rady wydane w czerwcu br., wyznaczając nowe terminy korekty nadmiernych deficytów. Oceny te dotyczyły sytuacji w Belgii, Hiszpanii, Francji, na Malcie, w Niderlandach, Polsce i Słowenii.

### **3. Oceny programów partnerstwa gospodarczego**

Po skierowaniu w tym roku nowych zaleceń w ramach procedury nadmiernego deficytu pod adresem Hiszpanii, Francji, Malty, Niderlandów i Słowenii, władze każdego z tych krajów musiały przedstawić plany mających wpływ na budżet i reform strukturalnych – w postaci tzw. programów partnerstwa gospodarczego, które również zostały ocenione przez Komisję.

### **4. Sprawozdania służące analizie przyczyn niespełniania kryterium długu lub deficytu**

W przypadku Chorwacji, Litwy i Finlandii Komisja przekazała również Radzie sprawozdania, w których przeanalizowała przyczyny faktycznego lub przewidywanego przekroczenia odpowiednich progów określonych w pakcie stabilności i wzrostu.

- **Wnioski dotyczące strefy euro**

Jedną z głównych korzyści wynikających z oceny projektów planów budżetowych polega na tym, że ułatwiła ona również ocenę sytuacji budżetowej w całej strefie euro, przedstawionej w opublikowanym dziś komunikacie. Najważniejsze wnioski:

- Znaczne wysiłki w zakresie konsolidacji budżetowej podjęte w ostatnich latach zaczynają przynosić owoce: dług publiczny powinien się ustabilizować i oczekuje się, że średni nominalny deficyt budżetowy zostanie sprowadzony poniżej wartości referencyjnej 3% PKB. Kraje, które stoją przed największymi wyzwaniami budżetowymi, planują najszerzej zakrojone działania na rzecz konsolidacji, przy pewnych różnicach wynikających z istniejącego pola manewru. Jednak tylko dwa państwa członkowskie (Estonia i Niemcy) osiągnęły swój średniookresowy cel budżetowy, co oznacza, że w pozostałych krajach strefy euro konieczna jest dalsza konsolidacja. W przyszłym roku łączny wysiłek fiskalny, wyrażony zmianą salda w ujęciu uwzględniającym zmiany cykliczne, po skorygowaniu o działania jednorazowe i tymczasowe, powinien wynieść ¼% PKB.

- Konieczne są dalsze reformy strukturalne w celu umocnienia podstaw trwałego wzrostu gospodarczego i zdrowych finansów publicznych. Ogólnie rzecz biorąc, programy partnerstwa gospodarczego pokazują postępy w odniesieniu do poprawy krajowych ram budżetowych, zrównoważone wyniki w odniesieniu do reform podatkowych oraz zasadnicze reformy systemów emerytalnych i ochrony zdrowia, aczkolwiek nie w przypadku wszystkich krajów. W projektach planów budżetowych nadal zbyt mało uwagi poświęca się kwestii struktury konsolidacji budżetowej. W szczególności ogólna tendencja do obniżania publicznych wydatków inwestycyjnych obserwowana w ostatnich kilku latach uległa wprawdzie stabilizacji, jednak nie udało się odwrócić tego trendu. Pewna koncentracja na ograniczaniu wydatków ma kluczowe znaczenie w dobrze zaplanowanej strategii konsolidacyjnej, zwłaszcza w krajach, w których sektor publiczny jest stosunkowo duży.

- **Wnioski dotyczące poszczególnych krajów**

Za pozytywne oznaki należy uznać fakt, że żaden z projektów planów budżetowych nie został uznany za istotnie sprzeczny z wymogami paktu stabilności i wzrostu i nie było potrzeby zwrócenia się o przedłożenie zmienionego projektu planu budżetowego. W kilku przypadkach Komisja znalazła jednak powody do istotnej krytyki i wezwała państwa członkowskie do uwzględnienia jej opinii podczas finalizacji budżetów na 2014 r. Poniżej przedstawiono przegląd głównych ustaleń dokonanych przez Komisję w odniesieniu do poszczególnych krajów.

**Austria (termin w ramach procedury nadmiernego deficytu: 2013 r.; opinia w sprawie projektu planu budżetowego)**

- Projekt planu budżetowego przedłożony przez Austrię jest zasadniczo zgodny z przepisami paktu stabilności i wzrostu.
- Prognoza Komisji wskazuje na trwałą korektę nadmiernego deficytu w 2013 r. oraz na pewne odstąpienie od ścieżki dostosowania strukturalnego deficytu sektora instytucji rządowych i samorządowych w 2014 r. na poziomie 0,45 % PKB.
- Austria poczyniła pewne postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Austrii do zapewnienia w ramach krajowej procedury budżetowej pełnej zgodności z paktem stabilności i wzrostu.
- Władze krajowe proszone są o przedłożenie Komisji i Eurogrupie zaktualizowanego projektu planu budżetowego, gdy tylko nowy rząd rozpocznie urzędowanie.

**Belgia (termin w ramach procedury nadmiernego deficytu: 2013 r.; opinia w sprawie projektu planu budżetowego; ocena podjętych skutecznych działań w ramach procedury nadmiernego deficytu)**

- Wydaje się, że Belgia podjęła w 2013 r. skuteczne działania w odpowiedzi na zalecenie wydane w ramach procedury nadmiernego deficytu i w bieżącym roku udało się osiągnąć trwałą korektę nadmiernego deficytu.
- Projekt planu budżetowego przedłożony przez Belgię jest zasadniczo zgodny z przepisami paktu stabilności i wzrostu.
- Korekta strukturalna mająca prowadzić do osiągnięcia redniookresowego celu budżetowego jest nieco poniżej wymaganego wysiłku fiskalnego.
- Belgia poczyniła niewielkie postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Belgii do zapewnienia w ramach krajowej procedury budżetowej pełnej zgodności z paktem stabilności i wzrostu.

**Chorwacja (nieobjęta procedurą nadmiernego deficytu; sprawozdanie dotyczące naruszenia kryteriów długu i deficytu)**

- W 2012 r. deficyt budżetowy Chorwacji wyniósł 5 % PKB, a łączny dług publiczny sięgnął 55,5 % PKB. Według planów rządowych oraz prognozy Komisji z jesieni 2013 r. deficyt budżetowy w latach 2013-2015 powinien utrzymywać się znacznie powyżej wartości referencyjnej wynoszącej 3%, podczas gdy dług publiczny w 2014 r. przekroczy 60% PKB.

- W związku z tym Komisja przygotowała sprawozdanie zgodnie z art. 126 ust. 3 Traktatu, w którym dokonała oceny stosownych czynników. Dokonane ustalenia potwierdzają wnioski, że określone w Traktacie kryteria deficytu i długu nie są spełnione.
- Komisja zamierza zatem zalecić Radzie wszczęcie procedury nadmiernego deficytu wobec Chorwacji.

#### **Estonia (nieobjęta procedurą nadmiernego deficytu; opinia w sprawie projektu planu budżetowego)**

- Projekt planu budżetowego przedłożony przez Estonię jest zgodny z przepisami paktu stabilności i wzrostu.
- Oczekuje się w szczególności, że średniookresowy cel budżetowy polegający na osiągnięciu nadwyżki strukturalnej zostanie utrzymany w 2014 r.
- Estonia poczyniła pewne postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.

#### **Finlandia (nieobjęta procedurą nadmiernego deficytu; opinia w sprawie projektu planu budżetowego; sprawozdanie dotyczące naruszenia kryterium długu)**

- Istnieje ryzyko, że projekt planu budżetowego przedłożony przez Finlandię nie zapewnia przestrzegania przepisów paktu stabilności i wzrostu.
- Komisja stwierdziła w szczególności istnienie poważnego odstępstwa od celów dostosowania prowadzących do osiągnięcia średniookresowego celu budżetowego, jakim jest strukturalny deficyt sektora instytucji rządowych i samorządowych na poziomie 0,5% PKB.
- Zgodnie z prognozą Komisji w 2014 r. dług Finlandii przekroczy określony w Traktacie wartość referencyjną wynoszącą 60% PKB i oczekuje się, że będzie dalej wzrastał. W sprawozdaniu opracowanym zgodnie z art. 126 ust. 3 Traktatu Komisja zbadała to naruszenie i stwierdziła, że z uwagi na niskie tempo wzrostu gospodarczego i inne czynniki przewidywany poziom długu nie wymaga wszczęcia procedury nadmiernego deficytu.
- Finlandia poczyniła pewne postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Finlandii do zastosowania niezbędnych środków w ramach krajowej procedury budżetowej w celu zapewnienia pełnej zgodności budżetu na 2014 r. z paktem stabilności i wzrostu, a zwłaszcza do przeciwdziałania zagrożeniom stwierdzonym przez Komisję w jej ocenie projektu planu budżetowego.

**Francja (termin w ramach procedury nadmiernego deficytu: 2015 r.; opinia w sprawie projektu planu budżetowego; ocena podjęcia skutecznych działań w ramach procedury nadmiernego deficytu; program partnerstwa gospodarczego)**

- Wydaje się, że Francja podjęła w 2013 r. skuteczne działania w odpowiedzi na zalecenie wydane w ramach procedury nadmiernego deficytu.
- Projekt planu budżetowego jest zgodny z zasadami paktu stabilności i wzrostu, nie pozostawia jednak żadnego pola manewru. Wydaje się w szczególności, że skuteczne działania zostaną podjęte również w 2014 r.
- Przedłożony przez Francję program partnerstwa gospodarczego oznacza poczynienie pewnych postępów w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wzywa władze Francji do rygorystycznego wykonania budżetu.

**Niemcy (nieobjęte procedurą nadmiernego deficytu; opinia w sprawie projektu planu budżetowego)**

- Projekt planu budżetowego przedłożony przez Niemcy jest zgodny z przepisami paktu stabilności i wzrostu.
- W szczególności Niemcy planują osiągnąć swój średniookresowy cel budżetowy.
- Kraj ten nie poczynił jednak żadnych postępów w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru w 2013 r.
- Władze krajowe proszone są o przedłożenie zaktualizowanego projektu planu budżetowego, gdy tylko nowy rząd federalny rozpocznie urzędowanie.

**Włochy (nieobjęte procedurą nadmiernego deficytu; opinia w sprawie projektu planu budżetowego)**

- Istnieje ryzyko, że przedłożony przez Włochy projekt planu budżetowego na 2014 r. nie zapewni przestrzegania przepisów paktu stabilności i wzrostu. W szczególności cel w zakresie redukcji długu w 2014 r. nie jest realizowany.
- Projekt planu budżetowego wskazuje, że Włochy poczyniły ograniczone postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Włoch do zastosowania niezbędnych środków w ramach krajowej procedury budżetowej w celu zapewnienia pełnej zgodności budżetu na 2014 r. z paktem stabilności i wzrostu, a zwłaszcza do przeciwdziałania zagrożeniom stwierdzonym przez Komisję w jej ocenie projektu planu budżetowego.

- Komisja stwierdziła, że Włochy nie kwalifikują do zastosowania klauzuli inwestycyjnej w 2014 r., z uwagi na to, że zgodnie z prognozą Komisji z jesieni 2013 r. nie dokonają minimalnej korekty strukturalnej niezbędnej do osiągnięcia odpowiedniej tendencji zmian w przypadku relacji długu do PKB.

#### **Litwa (nieobjęta procedurą nadmiernego deficytu; sprawozdanie dotyczące naruszenia kryterium deficytu)**

- W roku 2012 deficyt sektora instytucji rządowych i samorządowych na Litwie wyniósł 3,2% PKB, a więc przekroczył – choć nieznacznie – wartość referencyjną wynoszącą 3%. Przewiduje się, że w 2013 r. dług sektora instytucji rządowych i samorządowych wyniesie 39,9%, w 2014 r. nieznacznie wzrośnie, natomiast w 2015 r. odnotowany zostanie jego spadek.
- Z uwagi na to, że przekroczenie wartości referencyjnej można uznać za tymczasowe, a utrzymywanie się relacji długu do PKB na Litwie poniżej wartości referencyjnej wynoszącej 60% ma charakter trwały, podczas oceny korekty nadmiernego deficytu należy uwzględnić bezpośrednio koszty netto reformy emerytalnej. Ponieważ koszty te wyniosły w 2012 r. 0,2% PKB, uzasadniają one przekroczenie w tym roku wartości referencyjnej określonej w Traktacie na poziomie 3%.
- W sprawozdaniu opracowanym zgodnie z art. 126 ust. 3 Traktatu Komisja stwierdziła zatem, że Litwa spełnia określone w Traktacie kryteria długu i deficytu i w związku z tym nie ma potrzeby wszczęcia procedury nadmiernego deficytu.

#### **Luksemburg (nieobjęty procedurą nadmiernego deficytu; opinia w sprawie projektu planu budżetowego)**

- Zgodnie z oceną Komisji przewiduje się, że saldo sektora instytucji rządowych i samorządowych w kategoriach strukturalnych pogorszy się, a nadwyżka na poziomie 0,8% PKB odnotowana w 2012 r. przekształci się w 2014 r. w deficyt wynoszący 0,4% PKB, co oznacza znaczny odstępstwo od średniookresowego celu budżetowego Luksemburga, jakim jest nadwyżka na poziomie 0,5% PKB. W związku z tym istnieje ryzyko niespełnienia wymogów części zapobiegawczej paktu stabilności i wzrostu.
- Luksemburg poczynił pewne postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Luksemburga do zastosowania niezbędnych środków w ramach krajowej procedury budżetowej w celu zapewnienia pełnej zgodności budżetu na 2014 r. z paktem stabilności i wzrostu, a zwłaszcza do przeciwdziałania zagrożeniom stwierdzonym przez Komisję w jej opinii o projekcie planu budżetowego.

- Władze krajowe proszone są o przedłożenie Komisji i Eurogrupie zaktualizowanego projektu planu budżetowego, gdy tylko nowy rząd rozpocznie urzędowanie.

**Malta (termin w ramach procedury nadmiernego deficytu: 2014 r.; opinia w sprawie projektu planu budżetowego; ocena podjęcia skutecznych działań w ramach procedury nadmiernego deficytu; program partnerstwa gospodarczego)**

- Wydaje się, że Malta podjęła w 2013 r. skuteczne działania w odpowiedzi na zalecenie wydane w ramach procedury nadmiernego deficytu.
- Istnieje ryzyko, że projekt planu budżetowego na 2014 r. przedłożony przez Maltę nie zapewnia przestrzegania przepisów paktu stabilności i wzrostu. W szczególności w prognozie Komisji wskazuje się na ryzyko niezastosowania się przez Maltę do zalecenia wydanego w ramach procedury nadmiernego deficytu w odniesieniu do 2014 r.
- Przedłożony przez Maltę program partnerstwa gospodarczego oznacza poczynienie pewnych postępów w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Malty do zastosowania niezbędnych środków w ramach krajowej procedury budżetowej dla zapewnienia pełnej zgodności budżetu na 2014 r. z paktem stabilności i wzrostu, a zwłaszcza do przeciwdziałania zagrożeniom stwierdzonym przez Komisję w jej ocenie projektu planu budżetowego.

**Niderlandy (termin w ramach procedury nadmiernego deficytu: 2014 r.; opinia w sprawie projektu planu budżetowego; ocena podjęcia skutecznych działań w ramach procedury nadmiernego deficytu; program partnerstwa gospodarczego)**

- Wydaje się, że Niderlandy podjęły skuteczne działania w odpowiedzi na zalecenie wydane w ramach procedury nadmiernego deficytu.
- Projekt planu budżetowego Niderlandów na 2014 r. jest zgodny z zasadami paktu stabilności i wzrostu, nie pozostawia jednak żadnego pola manewru.
- W szczególności środki przewidziane na 2014 r. są zgodne z wymogami Rady, mimo i, zgodnie z jesiennymi prognozami gospodarczymi Komisji, nadmierny deficyt nie zostanie zlikwidowany do końca tego roku.
- Przedłożony przez Niderlandy program partnerstwa gospodarczego oznacza poczynienie pewnych postępów w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wzywa władze Niderlandów do rygorystycznego wykonania budżetu.



**Polska (termin w ramach procedury nadmiernego deficytu: 2014 r.; sprawozdanie dotycz ce podj cia skutecznych działa w ramach procedury nadmiernego deficytu oraz nowe zalecenie)**

- Polska nie podj ła w 2013 r. skutecznych działa w odpowiedzi na zalecenie Rady. Polska nie osi gnie równie wyznaczonej na 2013 r. docelowej warto ci deficytu sektora instytucji rz dowych i samorz dowych zalecanej przez Rad , ani nie podj ła działa konsolidacyjnych w wystarczaj cym stopniu. W 2014 r. docelowa warto deficytu nominalnego zostanie prawdopodobnie osi gni ta, b dzie to jednak wynika w du ej mierze z jednorazowego przeniesienia aktywów funduszy emerytalnych, co nie gwarantuje trwałego charakteru korekty w nast pnych latach.
- W wietle powy szej oceny Komisja przyj ła zalecenie dotycz ce decyzji Rady w sprawie skutecznych działa (na podstawie art. 126 ust. 8 Traktatu) i zaleciła Radzie przyspieszenie procedury i skierowanie nowego zalecenia zobowizuj cego Polsk do korekty nadmiernego deficytu do ko ca 2015 r. (na podstawie art. 126 ust. 7 TFUE).

**Słowacja (termin w ramach procedury nadmiernego deficytu: 2013 r.; opinia w sprawie projektu planu bud etowego)**

- Projekt planu bud etowego przedło ony przez Słowacj jest zasadniczo zgodny z przepisami paktu stabilno ci i wzrostu. W szczególno ci, mimo i oczekuje si , e deficyt Słowacji nie przekroczy warto ci referencyjnej wynosz cej 3% PKB, istniej obawy co do trwałego charakteru korekty nadmiernego deficytu.
- Ponadto, mimo i Słowacja ogranicza wzrost wydatków zgodnie z wymogami, przewiduje si , e mog wyst pi pewne odst pstwa od cie ki dostosowania słu cej osi gni ciu redniookresowego celu w postaci strukturalnego deficytu sektora instytucji rz dowych i samorz dowych na poziomie 0,5% PKB.
- Słowacja poczyniła ograniczone post py w realizacji zalece bud etowych o charakterze strukturalnym wydanych w kontek cie europejskiego semestru.
- Na obecnym etapie nie mo na uzna , e Słowacja kwalifikuje si do zastosowania klauzuli inwestycyjnej, poniewa nadal jest obj ta procedur nadmiernego deficytu.
- Komisja wezwała władze Słowacji do zapewnienia w ramach krajowej procedury bud etowej pełnej zgodno ci z paktem stabilno ci i wzrostu.

**Słowenia (termin w ramach procedury nadmiernego deficytu: 2015 r.; opinia w sprawie projektu planu bud etowego; ocena podj cia skutecznych działa w ramach procedury nadmiernego deficytu; program partnerstwa gospodarczego)**

- Wydaje si , e Słowenia podj ła w 2013 r. skuteczne działania w odpowiedzi na zalecenie wydane w ramach procedury nadmiernego deficytu.

- Projekt planu budżetowego Słowenii jest zgodny z zasadami paktu stabilności i wzrostu, nie pozostawia jednak żadnego pola manewru.
- W szczególności przewiduje się, że w 2014 r. Słowenia podejmie zalecany wysiłek fiskalny.
- Przedłożony przez Słowenię program partnerstwa gospodarczego oznacza poczynienie pewnych postępów w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wzywa władze Słowenii do rygorystycznego wykonania budżetu.

**Hiszpania (termin w ramach procedury nadmiernego deficytu: 2016 r.; opinia w sprawie projektu planu budżetowego; ocena podjętych skutecznych działań w ramach procedury nadmiernego deficytu; program partnerstwa gospodarczego)**

- Wydaje się, że Hiszpania podjęła w 2013 r. skuteczne działania w odpowiedzi na zalecenie wydane w ramach procedury nadmiernego deficytu.
- Jeśli chodzi o rok 2014 r., z uwagi na możliwość niesięgnięcia docelowej wartości deficytu nominalnego i przewidywanego obecnie niedokonania zalecanej poprawy salda strukturalnego, istnieje ryzyko, że projekt planu budżetowego nie będzie zgodny z zasadami paktu stabilności i wzrostu.
- W programie partnerstwa gospodarczego potwierdzono program reform, a także harmonogram reform budżetowych i innych reform strukturalnych zawarty w krajowym programie reform z 2013 r. i programie stabilności. Hiszpania poczyniła pewne postępy w realizacji zaleceń budżetowych o charakterze strukturalnym wydanych przez Radę w kontekście europejskiego semestru.
- Komisja wezwała władze Hiszpanii do zastosowania niezbędnych środków w ramach krajowej procedury budżetowej w celu zapewnienia pełnej zgodności budżetu na 2014 r. z paktem stabilności i wzrostu, a zwłaszcza do przeciwdziałania zagrożeniom stwierdzonym przez Komisję w jej ocenie projektu planu budżetowego.

- **Dalsze działania**

Opinie w sprawie projektów planów budżetowych zostaną przedstawione Eurogrupie, która zbiera się 22 listopada w celu ich omówienia. Komisja przedstawi również swoją opinię parlamentowi zainteresowanego państwa członkowskiego, a także – jeżeli zostanie o to poproszona – Parlamentowi Europejskiemu.

Zgodnie z nowym wspólnym harmonogramem budżetowym, wprowadzonym przez przepisy tzw. „dwupaku”, budżety budżetowe musiały zostać przyjęte przez parlamenty krajowe do 31 grudnia.

Komisja będzie nadal nadzorować rozwój sytuacji budżetowej na przestrzeni roku we wszystkich państwach członkowskich.

Wnioski dotyczące zaleceń w ramach procedury nadmiernego deficytu zostaną przedłożone do dyskusji w ramach Rady Ecofin w dniu 10 grudnia.

Rada Ecofin omówi również wnioski Komisji dotyczące opinii Rady w sprawie programów partnerstwa gospodarczego.

**Opracowała:**

**Dr Magdalena Skulimowska<sup>1</sup>**

- **Informacje dodatkowe:**

Sprawozdanie na temat tzw. „dwupaku”:

<http://www.senat.gov.pl/download/gfx/senat/pl/defaultopisy/296/5/1/059.pdf>

Sprawozdanie nt. zaleceń Komisji Europejskiej w poszczególnych krajach i działań w ramach procedury nadmiernego deficytu:

<http://www.senat.gov.pl/download/gfx/senat/pl/defaultopisy/296/5/1/050.pdf>

Komunikat Komisji Europejskiej COM (2013) 900:

[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/dbp/communication\\_to\\_euro\\_area\\_member\\_states\\_2013\\_dbp\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/dbp/communication_to_euro_area_member_states_2013_dbp_en.pdf)

Projekty planów budżetowych są dostępne stronie:

[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/budgetary\\_plans/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/sgp/budgetary_plans/index_en.htm)

Informacje dotyczące procedury nadmiernego deficytu można znaleźć na stronie:

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<sup>1</sup> Na podstawie informacji Komisji Europejskiej.

[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/corrective\\_arm/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/sgp/corrective_arm/index_en.htm)

Strona Dyrekcji Generalnej ECFIN dotycząca paktu stabilności i wzrostu:

[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm)

Vademecum dotycząca paktu stabilności i wzrostu:

[http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2013/op151\\_en.htm](http://ec.europa.eu/economy_finance/publications/occasional_paper/2013/op151_en.htm)

Szczegółowe zasady wdrażania „dwupaku” oraz wytyczne dotyczące formatu i treści projektów planów budżetowych, programów partnerstwa gospodarczego i informacji o emisji długu:

[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/coc/130701\\_two\\_pack\\_coc\\_final\\_endorsed.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/130701_two_pack_coc_final_endorsed.pdf)



Brussels, 15.11.2013  
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**COMMUNICATION FROM THE COMMISSION**

**2014 DRAFT BUDGETARY PLANS OF THE EURO AREA: OVERALL  
ASSESSMENT OF THE BUDGETARY SITUATION AND PROSPECTS**

### Executive summary

In response to the fiscal challenges of the crisis and under the reinforced economic governance, the Commission and the Member States are pursuing a differentiated fiscal strategy, according to the country-specific challenges. This autumn, for the first time, the euro area Member States presented draft budgetary plans to the Commission, seeking an opinion as to whether their budgetary plans for next year would be in line with their obligations under the Stability and Growth Pact (SGP).

By the deadline of 15 October, all euro area Member States not under a macroeconomic adjustment programme submitted their draft budgetary plans for 2014. The Commission has assessed them and provides Member States with an opinion on each plan. It is reassuring that no draft budgetary plan is found in serious non-compliance with the obligations of the SGP and it is not necessary to request revised budgetary plans. However, in several cases, the Commission finds reasons for substantial criticism and calls on the Member States concerned to take its opinions into account in the finalisation of the 2014 budgets.

The Commission comes to the following conclusions:

1. For two countries (Estonia and Germany), the draft budgetary plans are found to be compliant with the SGP provisions.
2. For three countries (France, the Netherlands and Slovenia) the draft budgetary plans are found to be compliant but without any margin for possible slippage, as this would put the correction of the excessive deficit at risk. The Commission invites the authorities to rigorously implement the budget.
3. For three countries (Belgium, Austria, Slovakia), the draft budgetary plans are found to be broadly compliant. While the countries are on track to correct their excessive deficits by the 2013 deadline, their plans might result in some deviation from the adjustment path towards the medium-term budgetary objective (MTO). The Commission invites the authorities to ensure full compliance with the SGP within the national budgetary process.
4. For five countries (Spain, Italy, Luxembourg, Malta, Finland), the draft budgetary plans pose a risk of non-compliance. For Spain and Malta, the plans contain risks as regards compliance to the EDP recommendations. For Italy there is a risk that on current plans the debt reduction rule would be breached in 2014. For Luxembourg and Finland there is a risk of significant deviation from the adjustment path towards the medium-term budgetary objective. The Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2014 budget will be fully compliant with the SGP and notably to address the risks identified in the assessment.
5. For the euro area as a whole, public debt is expected to stabilise. The large consolidation efforts implemented over the past years are now bearing fruit. Supported by the nascent recovery, the average headline budget balance is expected to be brought below the reference value of 3% of GDP. Those countries that face the largest fiscal challenges plan to implement the strongest consolidation efforts, showing some degree of differentiation according to fiscal space. However, only two Member States have attained their MTO, implying that further consolidation is necessary.
6. According to the plans, the aggregate fiscal effort, as expressed by the change in the cyclically adjusted budget balance net of one-off and temporary measures, would amount to ¼ % of GDP next year. While the low fiscal effort may point to an overall insufficient response to the euro area's fiscal challenges, the structural balance may underestimate the

total sum of fiscal measures due to a lower than normal response of revenue to economic growth and due to the current subdued growth of potential output in a medium term perspective.

7. Further structural reform is necessary to bolster the foundations for sustained growth. Member States should underpin their strategy towards sound public finances with structural reforms. Five of the euro-area countries that received revised EDP recommendations earlier in 2013 submitted Economic Partnership Programmes (EPPs) which outline the fiscal structural reforms that should support a lasting correction of their deficits. Overall, the EPPs show progress with respect to the improvement of national fiscal frameworks, mixed results with respect to tax reform and substantial reforms to pension and health systems, albeit not for all countries.
8. The budgetary plans still do not pay sufficient attention to the composition of fiscal consolidation. In particular, the general trend of decreasing public capital expenditure observed in the past few years, while stabilising, is not being reversed. Some focus on expenditure restraint is key in a well-designed consolidation strategy, especially where government sectors are relatively large. Continued progress with sound public finances should be supported by growth-friendly structural measures.

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## I. Introduction

Over the last years, significant improvements in the EU economic governance have been implemented, which now provide for a coherent annual cycle of budgetary policy in Europe, with further steps for the euro area. In the first half of this cycle in spring, the European Semester, euro area Member States formulate their medium-term fiscal policies in the Stability Programmes, which the Commission assesses against the provisions under the Stability and Growth Pact. On the basis of recommendations by the Commission, the Council addresses recommendations to Member States, covering fiscal policy and structural reforms.

In the second half of the year, Member States are expected to implement the commonly agreed policies. With the aim to ensure the proper functioning of economic and monetary union, this autumn for the first time, euro area Member States submitted their draft budgetary plans (DBPs) for the forthcoming year to the Commission and to the Eurogroup. These plans summarise the content of the draft budgets that governments submitted to national parliaments.

In respect of the common timeline, thirteen euro area Member States sent their draft budgetary plans to the Commission by 15 October<sup>1</sup>. The four euro area countries under a macroeconomic adjustment programme are not obliged to submit a plan, as the programme already provides for close fiscal monitoring. On each plan, the Commission provides an opinion, assessing whether its content is consistent with the country's obligations with respect to the Stability and Growth Pact. It also provides an overall assessment of the budgetary situation and prospects for the euro area as a whole.

These opinions provide independent policy advice for national parliaments, during the budgetary process but in respect of their budgetary autonomy, and should help to better assess the compliance of the draft budgets with the commitments under the common fiscal rules. Taking the opinions into account is in the interest of Member States as, since 2011, the reinforced Stability and Growth Pact provides for stricter and earlier sanctions in case budgetary developments would breach the provisions of the Stability and Growth Pact. The reinforced economic governance now provides for a comprehensive toolbox to treat economic and budgetary policy as the matter of common concern as intended by the Treaty.

In July 2013, the Council invited the Eurogroup<sup>2</sup> to monitor and coordinate fiscal policies of the euro area Member States and the aggregate fiscal stance for the euro area as a whole to ensure a growth friendly and differentiated fiscal policy.

To this end, it invited the Eurogroup to discuss the Commission opinions of the draft budgetary plans of each of the euro area Member States, and the budgetary situation and prospects for the euro area as a whole on the basis of the overall assessment by the Commission of the draft budgetary plans and their interaction. The coordination should contribute to ensuring that the pace of fiscal consolidation is differentiated according to the fiscal and economic situation of the euro area Member States with the budgetary adjustment defined in structural terms in line with the Stability and Growth Pact, allowing the automatic stabilisers to function along the adjustment path and that, in view of reinforcing the credibility of fiscal policy over the medium term, fiscal consolidation is supported by an overall efficient

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<sup>1</sup> This new requirement procedure is set out in Regulation (EU) No 473/2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area. It is one of the two Regulations in the so-called Two Pack which entered into force in May 2013.

<sup>2</sup> Council Recommendation of 9 July 2013 on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro (OJ C 217, 30.7.2013, p. 97).

and growth-friendly mix of expenditure and revenue and by appropriate structural reforms which enhance the economic growth potential.

## II. Overview of the Draft Budgetary Plans

The Commission's opinion on the draft budgetary plans focuses on compliance with the provisions of the Stability and Growth Pact and recommendations issued on its basis. For Member States in EDP, the Commission's opinion assesses whether the correction of the excessive deficit is on track. For euro area Member States that are in the preventive arm of the Stability and Growth Pact, i.e. not in Excessive Deficit Procedure, the progress towards the medium-term objective is assessed to see whether it is in line with the requirements of the SGP and the country-specific recommendations that were addressed to Member States in July.

The assessment is based on the Commission 2013 autumn Forecast. Table 1 summarises the assessments of individual countries' DBPs from the Commission opinions issued on 15 November together with the assessment of progress with fiscal reforms.

The Commission may request the submission of a revised draft budgetary plan where it identifies particularly serious non-compliance with the budgetary policy obligations laid down in the SGP in the original plan. This would be the case where the implementation of the draft budgetary plan would put the financial stability of the Member State concerned at risk, where it would risk jeopardising the proper functioning of the economic and monetary union, or where it would entail an obvious significant violation of the recommendations adopted by the Council under the SGP.

The Commission's assessment has not found any draft budgetary plan in serious non-compliance. Still, several of the submitted plans give rise to concerns. In order to allow for a comparative assessment, the assessment of the draft budgetary plans is summarised in for broad categories (Table 1). These are:

**Compliant:** according to the Commission 2013 autumn forecast, there is no need to adapt the budgetary plans within the national budgetary procedure to ensure compliance with the SGP rules

**Compliant with no margin:** according to the Commission 2013 autumn forecast, the DBP will just ensure compliance with the SGP requirements. While the Commission does not invite the authorities to take additional measures within the national budgetary process, the budget should be implemented rigorously. Should any slippage materialises compared to plans, the concerned Member States risks not complying with the SGP rules.

**Broadly compliant:** it concerns Member States that do not deliver the SGP-required adjustment towards their MTO according to the Commission 2013 autumn forecast. Should this situation persist over the years, it might lead to the concerned Member State being placed in significant deviation procedure within the preventive arm. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2014 budget will be fully compliant with the SGP.

**Risk of non-compliance:** according to the Commission 2013 autumn forecast, the DBP is not likely to ensure compliance with the SGP requirements. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to address the identified risks by the Commission in its assessment of the draft budgetary plan to ensure that the 2014 budget will be compliant with the SGP.

**Table 1: overview of individual Commission opinions on the Draft Budgetary Plans**

Country	Overall compliance of Draft Budgetary Plan with Stability and Growth Pact			Overall compliance with the fiscal-structural reforms suggested in 2013 CSRs	
	Overall conclusion based on the Commission 2013 Autumn Forecast	Compliance with the Excessive Deficit Procedure in 2013/2014	Compliance with the Preventive Arm requirements in 2014	Overall conclusion on progress towards fiscal-structural reforms	Progress on individual reforms in response to the structural part of the fiscal CSR since June 2013
<b>BE</b>	Broadly compliant	Durable correction of the excessive deficit in 2013	Some deviation from the adjustment path towards the MTO	Limited progress	Limited action: Explicit coordination arrangements between federal and sub-federal levels
<b>DE</b>	Compliant	n.r.	MTO overachieved	No progress	No action on the structural parts of the fiscal CSR
<b>EE</b>	Compliant	n.r.	At MTO	Some progress	Progress: Budget-balance rule Limited action: Multi-annual expenditure rules and ceilings
<b>ES</b>	Risk of non-compliance	Fiscal effort delivered in 2013, at risk in 2014	n.r.	Some progress*	Progress: Independent fiscal institution; public sector arrears; indexation schemes; pension system; public administration reform; health care spending. Limited action: Comprehensive expenditure review; review of tax system
<b>FR</b>	Compliant with no margin	Fiscal effort delivered both in 2013/2014	n.r.	Limited progress*	Progress: Pension system Limited action: Spending review; tax system; decentralisation
<b>IT</b>	Risk of non-compliance	n.r.	Compliance with the debt benchmark in 2013, at risk in 2014	Limited progress	Limited action: Public expenditure; tax policy
<b>LU</b>	Risk of non-compliance	n.r.	Significant deviation from MTO	Some progress	Progress: Medium-term budgetary framework
<b>MT</b>	Risk of non-compliance	Headline target met in 2013, fiscal effort at risk in both 2013/2014	n.r.	Limited progress*	Progress: Fiscal framework; efficiency of public administration (adoption and implementation risks remain); healthcare (information is inconclusive) Limited action: Pension system

NL	Compliant with no margin	Fiscal effort delivered both in 2013/2014	n.r.	Some progress*	Progress: Fiscal framework; housing market (implementation of past reforms) Limited action: Pension system; tax credits and allowances
AT	Broadly compliant	Durable correction of the excessive deficit in 2013	Some deviation from adjustment path towards the MTO	Some progress	Progress: Pension system; labour market Limited action: Linking pension benefits to changes in life expectancy; harmonisation of pension ages
SI	Compliant with no margin	Fiscal effort delivered both in 2013/2014	n.r.	Limited progress*	Progress: Tax system; fiscal framework; long-term care Limited action: Pension system
SK	Broadly compliant	Durable correction at risk in 2014 – Fiscal effort delivered	Some deviation from adjustment path towards the MTO	Limited progress	Progress: Tax system (collection) Limited action: Pension system; tax policy; health care; budgetary rules
FI	Risk of non-compliance	n.r.	Significant deviation from adjustment path towards the MTO, breach of the 60% threshold in 2014	Some progress	Progress: Public sector efficiency; finances of the municipal sector; pension reform

**Legend:** n.r.: not relevant

\* This Member State submitted an Economic Partnership Programme.

### III. Main aggregate findings

The public finances of the thirteen euro area member states which submitted a draft budgetary plan (EA-13) have improved overall (Table 2). According to the national plans, the aggregate **headline budget deficit** is expected to decrease by 0.7 p.p. of GDP, reaching 2.7% of GDP this year. This will be the first time that it falls below the 3% of GDP threshold since 2008. This has been the result of a continuous improvement in the EA-13 structural budgetary position since 2011, with the overall **structural balance** being set to improve by a further 0.7 p.p. this year according to the DBPs. In turn, the **debt-to-GDP** ratio for EA-13 will continue to increase this year, albeit at a slower pace, and reach 93.0% in 2013.

The DBPs<sup>3</sup> show that the public debt is finally stabilising as a percentage of GDP in 2014, despite limited consolidation in 2014. According to the macroeconomic scenarios underlying the DBPs, 2014 should see a return to growth, which is consistent with the Commission' autumn forecast. The average **headline deficit** for the EA-13 is planned to reach 2.3% GDP in 2014 (0.4 p.p. lower than in 2013), ranging from a slight surplus in Germany to a deficit of 3.6% in France, 5.8% in Spain and 6.7% in Slovenia<sup>4</sup>. Most importantly, the **debt-to-GDP ratio** for EA-13 is expected to stabilize in 2014 at around 93% GDP<sup>5</sup> – while ranging from 132.7% in Italy, followed by Belgium (100.2%) and Spain (98.9%), to as low as 26.1% in Luxembourg and 10.0 % in Estonia.

**Table 2: Overview table of economic and budgetary aggregates (EA-13) for 2013 and 2014.**

	2013			2014		
	Stability Programmes	Draft Budgetary Plans	Commission 2013 autumn forecast	Stability Programmes	Draft Budgetary Plans	Commission 2013 autumn forecast
<b>Real GDP growth</b> (% change)	-0.2	-0.4	-0.3	1.3	1.2	1.1
<b>Headline deficit</b> (% GDP)	-2.7	-2.7	-2.8	-1.9	-2.3	-2.5
<b>Δ Structural Balance</b> (p.p. GDP)	0.8	0.7	0.6	0.5	0.3	0.2
<b>Debt</b> (% GDP)	92.2	93.0	92.9	91.8	93.0	93.5
<b>Expenditure ratio</b> (% GDP)	50.4	50.0	49.8	49.1	49.5	49.6
<b>Revenue ratio</b> (% GDP)	47.7	47.2	47.1	47.1	47.2	47.1

<sup>3</sup> The overall conclusions are subject to three qualifications. First, they reflect the plans of thirteen (EA-13) rather than all seventeen of the euro area countries. Greece, Ireland, Portugal and Cyprus are not covered by the requirement to submit their DBPs, due to their macroeconomic assistance programmes. Second, Germany, Austria and Luxembourg (accounting for 34% of the GDP of the EA-13), submitted their plans according to a no-policy change scenario, linked to national elections. For these three countries, the DBPs are not a clear guide to the governments' policy intentions. Finally, within the overall averages that this document focuses on, there are significant cross-country differences, even in the cases where they are not explicitly flagged.

<sup>4</sup> See table A1 in Annex IV.

<sup>5</sup> See table A3 in Annex IV. Annex II contains sensitivity analyses.

For 2014 the DBPs the structural consolidation effort – measured by a positive change in the structural balance – of 0.3 p.p. of GDP. This is less than envisaged by Member States in their Stability Programmes<sup>6</sup>. Given that eleven of the thirteen countries are either under Excessive Deficit Procedure or have not yet attained their MTO<sup>7</sup>, this may point to an overall insufficient response to the euro area's fiscal challenges. This conclusion however should be qualified, as the structural balance may underestimate the underlying fiscal effort on grounds of a lower than normal response of revenue to economic growth and the current subdued growth of potential output in a medium term perspective.

Within the overall figure of 0.3 p.p., the countries that are facing the largest fiscal challenges, in terms of their deficits exceeding 3% of GDP and their debt levels lying well above 60%, plan to implement the largest consolidation efforts, showing some degree of differentiation. The overall adjustment is indicative of a broadly neutral fiscal stance, which should contribute to the recovery.

The analysis of the DBPs indicates that the consolidation plans do not pay sufficient attention to the impact of the composition of consolidation measures; a rebalancing towards more growth-friendly fiscal measures should be possible.

Five of the euro-area countries that received revised EDP recommendations earlier in 2013 (Spain, France, the Netherlands, Malta and Slovenia) submitted Economic Partnership Programmes which outline the fiscal structural reforms that they intend to implement to support a lasting correction of their deficits. These focus primarily on fiscal reforms. Overall, the EPPs show progress with respect to improvement in national fiscal frameworks, mixed results with respect to tax reform and substantial reforms to pension and health systems, albeit not for all countries. Annex III presents a more detailed overview of their content.

In terms of the **composition** of next year's small adjustment, EA-13 DBPs show a reduction in the expenditure-to-GDP ratio for 2014, while the revenue-to-GDP ratio should stabilise after having repeatedly increased since 2010. Similarly, the tax-to-GDP ratio is now expected to stabilise in 2014 after continuous increases in the last three years.

The details of the measures included in the DBPs indicate that average planned changes in the composition of **expenditure** compared to 2013 are rather small<sup>8</sup>. In particular, the DBPs envisage slight reductions in expenditure on compensation of employees (-0.2% GDP), social payments, intermediate consumptions and capital expenditure (by -0.1% each), whereas expenditure on subsidies will remain stable and interest expenditure should increase slightly (by 0.1%). For capital expenditure, the largest reductions are planned in Estonia, Slovakia and France. The fact that capital expenditure is still envisaged to decline both in these countries and, although marginally, overall for the fifth year in a row, may enter in contradiction with the objective of moving to a more growth-friendly public spending structure.

Measures concerning **taxation**, as announced in the DBPs, should bring some small changes to the tax composition in the EA-13. In particular, revenue from indirect taxation should

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<sup>6</sup> Consistency between the medium-term budgetary plans set forth in the Stability Programmes and the fiscal policy decisions contained in the DBPs for 2014 is an essential pre-requisite for the stability and predictability of fiscal policy. In this sense, comparing EA-13 fiscal targets as presented in the DBPs with the ones laid down in the Stability Programmes shows the consistency between Member States' medium-term plans and their annual budgets. Nevertheless, it should be borne in mind that some Member States (amongst the EA-13 countries, this is the case for Belgium, Spain, France, Malta, the Netherlands and Slovenia) which were issued new recommendations in the context of their Excessive Deficit Procedures last June, had to update their fiscal plans in response.

<sup>7</sup> The medium-term budgetary objective (MTO) is the cornerstone of the preventive arm of the Stability and Growth Pact.

<sup>8</sup> See graph A1 in Annex IV

increase, while revenues from direct taxes are projected to fall, due to decreasing revenue from capital taxes. In turn, the share of social contributions should remain stable in relation to GDP. These limited changes in the composition of revenues, partly due to the implementation of tax reforms in some Member States (e.g. France, Netherlands or Slovenia), may be seen as being more growth friendly, as the indirect taxes, mainly levied on consumption, are expected to increase while the more distortive tax burden on labour and capital is expected to fall slightly in 2014.

The comparison between the EA-13 DBPs for 2014 and Commission's autumn forecasts for next year allows an assessment of the possible risks to the realization of Member States' fiscal plans.

At the aggregate EA-13 level, the draft plans are broadly in line with Commission's forecast, with a marginal aggregate difference of 0.2 p.p. of GDP<sup>9</sup>. Differences between the DBPs and the Commission headline deficit forecast however are larger at Member State level, for reasons varying from one country to another. Malta stands out with a 1.3 p.p. smaller headline deficit target for 2014 than forecast by the Commission, followed by Belgium and Luxembourg (0.5 p.p.) and Austria, Slovenia, Slovakia and Finland (0.4 p.p.). Differences in the foreseen structural balances are the main drivers in the cases of Malta and Slovakia. Finally, Estonia is the only Member State in the EA-13 where Commission's forecasts point to a lower deficit in 2014 than the country's own DBP (-0.1%, as opposed to -0.4%), and there is no difference in the forecasts for the Netherlands.

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<sup>9</sup> See graph A3 and A4 in Annex IV.



Brussels, 15.11.2013  
COM(2013) 900 final

ANNEX 1

**ANNEX**

*to the*

**COMMUNICATION FROM THE COMMISSION**

**2014 Draft Budgetary Plans of the Euro Area: Overall Assessment of the budgetary  
situation and prospects**



## **ANNEX I: The methodology and assumptions underpinning the autumn 2013 European economic forecast**

According to Article 7(4) of Regulation (EU) No 473/2013, "*The methodology and assumptions of the most recent economic forecasts of the Commission services for each Member State, including estimates of the impact of aggregated budgetary measures on economic growth, shall be annexed to the overall assessment*".

European Economic Forecasts are produced independently by Commission staff. The assumptions underlying the Commission's autumn forecast 2013 are explained in the forecast document itself<sup>1</sup>.

Budgetary data up to 2012 are based on data notified by Member States to the European Commission on 1 October and validated by Eurostat on 21 October 2013.

Eurostat has expressed its reservation on the quality of the data reported by Austria, due to uncertainties on the statistical impact of the conclusions of the Federal Audit Office's report on the Land Salzburg, published on 9 October 2013. The report revealed deficiencies with regard to financial management and to completeness of the public accounts of the Land Salzburg. The statistical implications of the audit for EDP data are being investigated by Statistics Austria in collaboration with Eurostat, in order to clarify the precise impacts on 2012 and also on preceding years. It is possible that this will lead to an upward revision of government debt of up to half a percent of GDP, with more minor revisions to the government deficit, based on the information available at the time of the validation.

For the forecast, measures in support of financial stability have been recorded in line with the Eurostat Decision of 15 July 2009<sup>2</sup>. Unless reported otherwise by the Member State concerned, capital injections known in sufficient detail have been included in the forecast as financial transactions, i.e. increasing the debt, but not the deficit. State guarantees on bank liabilities and deposits are not included as government expenditure, unless there is evidence that they have been called on at the time the forecast was finalised. Note, however, that loans granted to banks by the government, or by other entities classified in the government sector, usually add to government debt.

For 2014, budgets adopted or presented to national parliaments and all other measures known in sufficient detail are taken into consideration. In particular, all the information included in the DBPs submitted by 15 October is reflected in this forecast. For 2015, the 'no-policy-change' assumption used in the forecasts implies the extrapolation of revenue and expenditure trends and the inclusion of measures that are known in sufficient detail.

The general government balances that are relevant for the Excessive Deficit Procedure may be slightly different from those published in the national accounts. The difference concerns settlements under swaps and forward rate agreements (FRA).

According to ESA95 (amended by Regulation (EC) No 2558/2001), swap- and FRA-related flows are financial transactions and therefore excluded from the calculation of the government balance. However, for the purposes of the excessive deficit procedure, such flows are recorded as net interest expenditure. European aggregates for general government debt in the forecast years 2013-15 are published on a non-consolidated basis (i.e. not

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<sup>1</sup> Methodological assumptions underlying the 2013 autumn Commission forecast (from - European economic forecast autumn 2013), page 40.

Available online at [http://ec.europa.eu/economy\\_finance/publications/european\\_economy/forecasts/index\\_en.htm](http://ec.europa.eu/economy_finance/publications/european_economy/forecasts/index_en.htm)

<sup>2</sup> Eurostat News Release N° 103/2009.

corrected for intergovernmental loans). To ensure consistency in the time series, historical data are also published on the same basis. For 2012, this implies a debt-to-GDP ratio in the euro area which is 2.1 pp. (1.5 pp. in the EU) higher than the consolidated general government debt ratio published by Eurostat in its news release 152/2013 of 21 October 2013. General government debt projections for individual Member States in 2013-15 include the impact of guarantees to the EFSF<sup>3</sup>, bilateral loans to other Member States, and the participation in the capital of the ESM as planned on the cut-off date of the forecast (subject to approval).

According to the 2013 Commission autumn forecast, the aggregate budgetary measures in 2014 amount to ¼% of GDP. The impact on growth of this estimate would, in the short-term, be less than ¼%, i.e. compatible with a broadly neutral fiscal stance.

It is important to exert some caution in interpreting this estimate:

- not acting on fiscal imbalances could heighten financial assets fragilities and lead to higher spreads and lending rates. The policy choice is therefore not between taking or not taking measures;
- the Regulation aims at evaluating the effect of the measures taken in the DBPs. So measures taken and entered into force before the DBP are not included in the assessment (even if they can affect the forecast).
- measures taken with effect in 2014 also compensate for existing measures having a one-off impact in 2013 – whose effect is thus expiring – and for the trend increase in expenditure which, when it is higher than the medium-term GDP growth, results in a fiscal expansion per se. The Commission evaluates one-offs at the EA-13 aggregate level for 2013 at 0.1% of GDP and evaluates at 0.3% of GDP at the EA-13 the trend increase in expenditures in absence of policy measures.

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<sup>3</sup> In line with the Eurostat decision of 27 January 2011 on the statistical recording of operations undertaken by the European Financial Stability Facility, available at: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-27012011-AP/EN/2-27012011-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-27012011-AP/EN/2-27012011-AP-EN.PDF).

## ANNEX II: Sensitivity analysis

Based on Article 7 of Regulation (EU) No 473/2013, "the overall assessment shall include sensitivity analyses that provide an indication of the risks to public finance sustainability in the event of adverse economic, financial or budgetary developments". This Annex therefore presents a sensitivity analysis of public debt developments to possible macroeconomic shocks (to growth and interest rates), relying on results from stochastic debt projections<sup>4</sup>. The analysis allows gauging the possible impact of downside and upside risks to growth on public debt dynamics (also accounting for their impact on the cyclical component of the budget balance, through the functioning of the automatic stabilisers), as well as the effects of positive/negative developments on financial markets, translating into lower/higher borrowing costs for governments.

With stochastic projections the uncertainty in future macroeconomic conditions is featured in the analysis of public debt dynamics around a "central" debt projection scenario, which corresponds respectively to the Commission (EC) forecast scenario (Autumn 2013 forecasts) and the draft budgetary plans (DBPs) forecast scenario in the two panels of the graph below, reporting results for the EA13<sup>5</sup> (in both cases the usual no-policy-change assumption is made beyond the forecast horizon)<sup>6</sup>. Shocks are applied to the macroeconomic conditions (short-term and long-term interest rates on government bonds; growth rate) assumed in the central scenario to obtain the "cone" (distribution) of possible debt paths presented in the graph below. The cone corresponds to a wide set of possible underlying macroeconomic conditions, with as many as 2000 shocks simulated on growth and interest rates. The size and correlation of the shocks reflect the variables' historical behaviour<sup>7</sup>. Simulated debt dynamics account for the fact that shocks to growth feed back into "budgetary shocks", in that the cyclical component of the budget balance is affected through the operation of the automatic stabilisers. The resulting fan charts in the graph below therefore provide probabilistic information on debt dynamics for the EA13, taking into account the possible occurrence of shocks to growth and interest rates of a magnitude and correlation mirroring those observed in the past.

The fan charts report the projected debt path under the central scenario (around which macroeconomic shocks are applied) as a dashed line, and the debt projection trajectory that divides into two halves the whole set of possible trajectories obtained by applying the shocks (the median) as a solid black line at the centre of the cone. The cone itself covers 80% of all possible debt paths obtained by simulating the 2000 shocks to growth and interest rates (as the lower and upper lines delimiting the cone represent respectively the 10<sup>th</sup> and the 90<sup>th</sup> percentiles of the distribution), thus excluding from the shaded area simulated debt paths (20% of the whole) that result from more extreme (less likely) shocks, or "tail events". The differently shaded areas within the cone represent different portions of the overall distribution of possible debt paths. The dark blue area (delimited by the 40<sup>th</sup> and 60<sup>th</sup> percentiles) includes the 20% of all possible debt paths that are closer to the central scenario.

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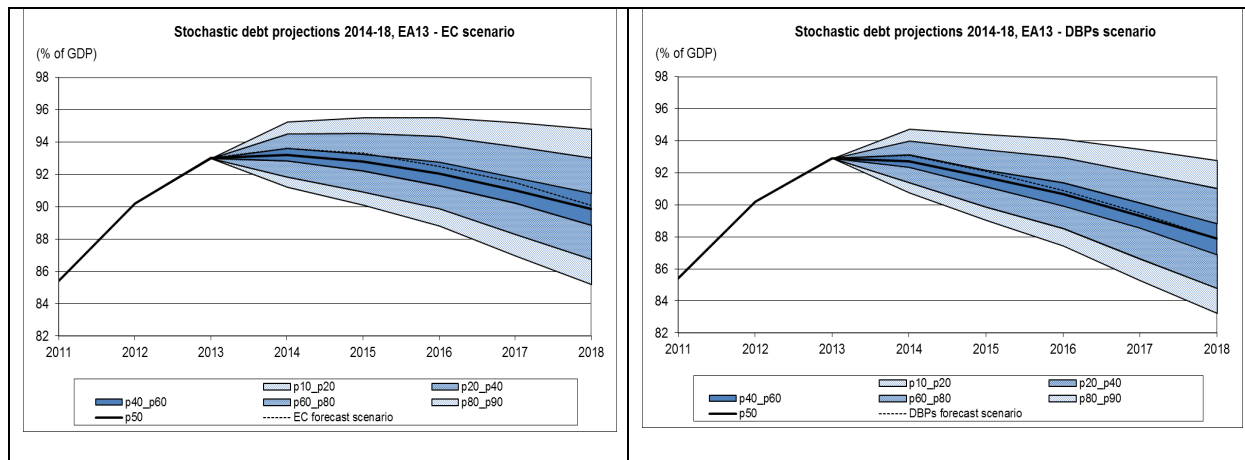
<sup>4</sup> The methodology for stochastic public debt projections used here is presented in the European Commission's Fiscal Sustainability Report 2012, Section 3.3.3.

<sup>5</sup> Euro area Member States with the exclusion of those under macroeconomic adjustment programme (CY, EL, IE and PT).

<sup>6</sup> This entails that the EA13 structural primary balance is assumed to remain constant at last forecasted value – a 1.8% surplus in 2014 in the DBPs scenario, against a 1.4% surplus in 2015 in the EC scenario – over the rest of the projection horizon.

<sup>7</sup> The assumption is made that shocks follow a joint normal distribution.

**Fan charts from stochastic public debt projections around the Commission forecast (EC) scenario and the Draft Budgetary Plans (DBPs) forecast scenario**



For both EC and DBPs forecast scenarios, the fan charts highlight a 40% probability of a worse than forecasted debt-to-GDP ratio for the EA13 in 2014, due to the occurrence of adverse macroeconomic shocks<sup>8</sup>. Under both EC and DBPs scenarios, accounting for both downside and upside risks to growth and financial market conditions leads to a EA13 debt in 2014 broadly lying between 91% and 95% of GDP with an 80% probability (as the cone represents 80% of all possible simulated debt paths). Lower and upper bounds of the debt ratio interval in 2014 would be slightly higher for the EC scenario compared to the DBPs scenario, due to a 0.5 p.p. difference between the respective central forecasts to which shocks apply (a debt ratio of 93.5% in the EC scenario versus 93.0% in the DBPs scenario).

Beyond 2014, the horizon of the current DBPs, simulation results show a widening of the difference in projected debt ratios under shocks between the EC and the DBPs scenarios. At the end of the projection horizon considered in the fan charts (2018), there would be a 50% probability of a debt ratio higher than 90% of GDP in the EC scenario, and a 50% probability of a debt ratio higher than 88% of GDP in the DBPs scenario. The difference is mainly due to the structural primary balance kept constant at higher last forecasted surplus in the DBPs scenario compared to the EC scenario leading to a stronger decrease in simulated debt ratios after 2014 in the DBPs scenario.

<sup>8</sup> In 2014, the dashed line representing forecasts for the central scenario corresponds, in both fan charts, with the line indicating the 60th percentile of the distribution, meaning that 40% of all possible values for the debt-to-GDP ratio in 2014 would lie above the forecasted value.

### **ANNEX III: The implementation of structural reforms: stronger growth, more jobs and sounder public finances**

Structural reforms are at the core of economic policy recommendations by the European Commission.

- Firstly, their implementation is crucial to encourage growth and jobs, which constitutes a strategic priority for both the European Union and the Member States, and is part of the Europe 2020 Strategy. Moreover, easing structural rigidities can attenuate the impact of the on-going economic adjustment and foster an efficient reallocation of resources, improving productivity and competitiveness prospects. In this respect, euro area Member States, particularly the vulnerable ones have carried out a large set of structural reforms in recent years to correct the imbalances built in the past and shift the economy onto a more sustainable growth path. The reform momentum is particularly vivid in the two countries signalled within the Macroeconomic Imbalance Procedure as having excessive imbalances, i.e. Spain and Slovenia, as is in programme countries<sup>9</sup>.

In Spain, rebalancing is advancing and recent data points to a stabilisation of the economy and the financial sector, reinforced by the thorough implementation of the 2012 ESM programme for the recapitalisation of financial institutions. In this context, there has been a visible stepping up of the pace of reforms aimed at addressing structural shortfalls, largely in line with the existing commitments within the European Semester. First, important measures have been taken to address the long-term sustainability of the pension system while continuing the containment of health care expenditure. Second, several initiatives aimed at improving the quality of public expenditure and the efficiency of the public administration (such as reducing the reliance on indexation clauses in the public sector, cutting the red tape or setting up an independent fiscal council) are expected to come into force as from 2014. Third, work continues on the modernisation and reinforcement of employment services and to boost active labour market policies (ALMP) as well as their links with passive policies. Fourth, various initiatives aimed at improving the business environment and fostering greater competition in the non-tradable sector are under way; (i) the law on the guarantee of market unity; (ii) first draft law reforming professional services; (iii) the law on entrepreneurship improving the framework for corporate insolvency and (iv) a reform in the electricity sector tackling the excessive gap between fast-rising regulated costs and mandated tariffs for end consumers.

Slovenia has made significant reform progress in some key policy areas, in particular in the fiscal and banking domain. However, reforms in other fields are at a more preliminary stage and their final impact on the economy will crucially depend on keeping up the momentum during the implementation phase. First, as regards fiscal governance and long-term fiscal sustainability, a reform of the fiscal framework is being drafted, while reforms of long-term care, a spending review, and a reassessment of possible reforms to the pension system are in preparatory phase. Second, regarding measures to stabilise the banking sector, a thorough Asset Quality Review and Stress Test is on-going, opening the way for a broader restructuring and recapitalisation of the sector in view of the divestment of public stakes in domestic banks. Third, in the labour market domain Slovenia has recently revised the employment protection legislation, while revisions to the minimum wage act and student work are under consideration. Fourth, other reforms

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<sup>9</sup> On the latter see the latest compliance reports in European Economy—Occasional Papers, 159 (Greece), 164 (Ireland), 161 (Cyprus), 156 (Romania) and 153 (Portugal).

aiming to improve the adjustment capacity and the growth prospects of the economy are also in preparation, but with some delays. A reform of the insolvency code, which includes new provisions for out-of-court restructuring, is being drafted. Proposed amendments to the Slovenia Sovereign Holding Act would bring improvements in terms of governance, management, and accountability of state-owned enterprises. The amended law would also require the authorities to prepare a strategy based on a classification of assets in public ownership, facilitating the privatisation of non-core assets. Finally, improvements in case management appear to have had a positive effect on judicial efficiency, while the success of a pilot project will lead to its nationwide rollout in 2014.

- Secondly, excessive public deficits are often partially rooted on structural weaknesses. Therefore, budgetary measures may frequently need to come alongside structural reforms to ensure a lasting correction of excessive deficit situations. In this sense, since the entry into force of the Two Pack, Member States in excessive deficit procedure are required to submit an Economic Partnership Programme, which is a roadmap for the fiscal structural reforms instrumental to an effective and lasting correction of the excessive deficit. In particular, EPPs should detail reforms in the areas of (i) national fiscal frameworks, (ii) taxation, and (iii) pension and health systems.

Spain, France, Malta, the Netherlands and Slovenia submitted their EPPs<sup>10</sup> for the first time on 1 October 2013. The aggregate picture stemming from these EPPs in the three fiscal structural reform areas is described below:

1. Sweeping reforms of **national fiscal frameworks** are well underway across all euro area Member States, driven by the requirements arising from the "Six-pack" (more specifically the Directive 2011/85/EU on budgetary frameworks), the "Two-pack" and the inter-governmental Treaty on Stability, Coordination and Governance in the EMU. Against the backdrop of these across-the-board efforts towards strengthening domestic fiscal governance arrangements, three out of the five Member States who submitted an EPP (Spain, Malta, Slovenia) also received fiscal framework recommendations as part of the 2013 Country Specific Recommendations (CSRs). The corresponding policy response by these three Member States aims to address key building blocks such as the implementation of structural balanced-budget rules and the setting-up of independent fiscal institutions and robust medium-term budgetary frameworks. The national decision-making processes are at various stages, generally aiming to complete these reforms by the end of 2013 or the beginning of 2014. The other two Member States for which no fiscal framework CSR was issued in 2013 (France, Netherlands) have taken concrete steps to upgrade their fiscal frameworks. The establishment of the High Council for Public Finances in France is expected to have a significant impact on fiscal planning and monitoring, whereas the forthcoming entry into force of the sustainable public finances act in Netherlands will firmly anchor budgetary discipline to ensure compliance with the EU requirements.
2. All five Member States who submitted an EPP had received CSRs concerning **taxation**. Overall, EPPs focus to a large extent on on-going or already planned tax reforms, but present also recent or new measures. More specifically, the Netherlands emphasises reforms that are currently being implemented in the areas of housing and labour taxation to fulfil the recommendations, but were mainly agreed last year. Malta presents a range of reforms to enhance tax compliance and governance in response to

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<sup>10</sup> The Two Pack Code of Conduct can be found at:  
[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/coc/130701\\_-\\_two\\_pack\\_coc\\_final\\_endorsed.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/130701_-_two_pack_coc_final_endorsed.pdf)

the recommendations in this area. However, many of these policy measures appear to refer to past or on-going reforms, while the CSR to address the debt bias in corporate taxation is not explicitly addressed in the programme. Slovenia, in turn, presents several tax measures that have been introduced recently for consolidation purposes as part of the new budgetary strategy (including a VAT increase, the abolition of planned CIT reductions, a nominal freeze of thresholds and allowances in the PIT, and a reform of property taxation) as well as measures to improve tax compliance. France is undertaking various reforms in response to their tax CSRs. In this case, the EPP emphasizes the introduction and extension of the competitiveness and employment tax credit, together with the implementation of a VAT reform and new environmental taxes. The governance of tax expenditures is being reformed, and measures are being undertaken to reduce the debt bias in corporate taxation. The EPP for Spain mainly refers to the on-going review of the tax system, which was requested by the recommendations addressed to it and is planned to be completed by the end of February 2014. No concrete measures addressing the other elements of the taxation CSR for Spain are presented.

3. Similarly, all five Member States who submitted an EPP had received CSRs on **pension and health care policies**. Three of them (Spain, France, Netherlands) have taken concrete reform measures and initiated the parliamentary process for legislation so as to address the pension reforms recommendations and to enhance the stability of pension systems and, therefore, fiscal sustainability. The other two (Malta, Slovenia) are still in the process of formulating further such reform measures. As far as health care policies is concerned, all five Member States have taken steps towards addressing efficiency of health care spending and thereby addressing the CSRs, but to varying degrees: some have relatively advanced plans (Netherlands, France, Spain), while others are still in the earlier stages of the reform process (Slovenia, Malta).

## ANNEX IV: Graphs and Tables

**Table A1: Headline deficit targets (% of GDP) for the EA13 according to the Draft Budgetary Plans (DBP), the Stability Programmes (SP) and the 2013 Commission autumn forecast (COM)**

	2013			2014		
Country	DBP	SP	COM	DBP	SP	COM
BE	-2,5	-2,5	-2,8	-2,1	-2,0	-2,6
DE	0,0	-0,3	0,0	0,2	0,2	0,1
EE	-0,6	-0,5	-0,4	-0,4	0,0	-0,1
ES	-6,8	-6,3	-6,8	-5,8	-5,5	-5,9
FR	-4,1	-3,7	-4,1	-3,6	-2,9	-3,8
IT	-3,0	-2,9	-3,0	-2,5	-1,8	-2,7
LU	-0,9	-0,7	-0,9	-0,5	-0,6	-1,0
MT	-2,7	-2,7	-3,4	-2,1	-2,1	-3,4
NL	-3,2	-3,4	-3,3	-3,3	-3,0	-3,3
AT	-2,3	-2,3	-2,5	-1,5	-1,5	-1,9
SI	-5,6	-7,9	-5,8	-6,7	-2,6	-7,1
SK	-3,0	-2,9	-3,0	-2,8	-2,6	-3,2
FI	-2,2	-1,9	-2,2	-1,9	-1,3	-2,3
EA-13	-2,7	-2,7	-2,8	-2,3	-1,9	-2,5



**Table A2: Changes in structural balance (% of GDP) for the EA13 according to the Draft Budgetary Plans (DBP), the Stability Programmes (SPs) and the 2013 Commission autumn forecast (COM)**

	2013			2014		
Country	DBP	SP	COM	DBP	SP	COM
BE	1,1	1,2	0,8	0,7	0,5	0,4
DE	0,3	0,0	0,3	0,0	0,4	0,0
EE	-0,5	-0,5	-0,4	0,6	0,7	0,5
ES	1,2	1,4	1,1	-0,1	0,4	-0,1
FR	1,1	1,6	0,9	0,6	0,7	0,7
IT	0,5	0,9	0,6	0,1	0,4	0,1
LU	-0,5	0,1	-0,6	-0,6	-0,3	-0,6
MT	1,3	0,5	0,35	0,5	0,6	-0,1
NL	1,4	1,0	0,6	0,2	-0,1	0,4
AT	0,1	-0,4	0,0	0,2	0,7	0,0
SI	0,5	0,2	-0,1	0,6	1,2	0,7
SK	1,3	1,2	1,7	-0,1	0,5	-0,8
FI	0,1	0,1	-0,1	0,1	0,3	-0,2
EA-13	0,7	0,8	0,6	0,3	0,4	0,2

**Table A3: Debt-to-GDP ratio (% of GDP) for the EA13 according to the Draft Budgetary Plans (DBP), the Stability Programmes (SP) and the 2013 Commission autumn forecast (COM)**

	2013			2014		
Country	DBP	SP	COM	DBP	SP	COM
BE	100,0	100,0	100,4	100,2	99,0	101,3
DE	79,6	80,4	79,6	76,90	77,7	77,1
EE	10,1	10,2	10,0	10,0	9,9	9,7
ES	94,2	91,4	94,8	98,9	96,2	99,9
FR	93,4	93,6	93,5	95,1	94,3	95,3
IT	132,9	130,4	133,0	132,7	129,0	134,0
LU	24,9	23,8	24,5	26,1	25,9	25,7
MT	73,2	74,2	72,6	73,2	74,2	73,3
NL	75,0	74,0	74,8	76,1	75,0	76,4
AT	74,6	73,6	74,8	74,0	73,0	74,5
SI	63,1	61,8	63,2	65,5	63,2	70,1
SK	54,3	54,8	54,3	56,8	56,3	57,2
FI	58,3	56,3	58,4	60,7	57,3	61,0
EA-13	93,0	92,2	92,9	93,0	91,8	93,5

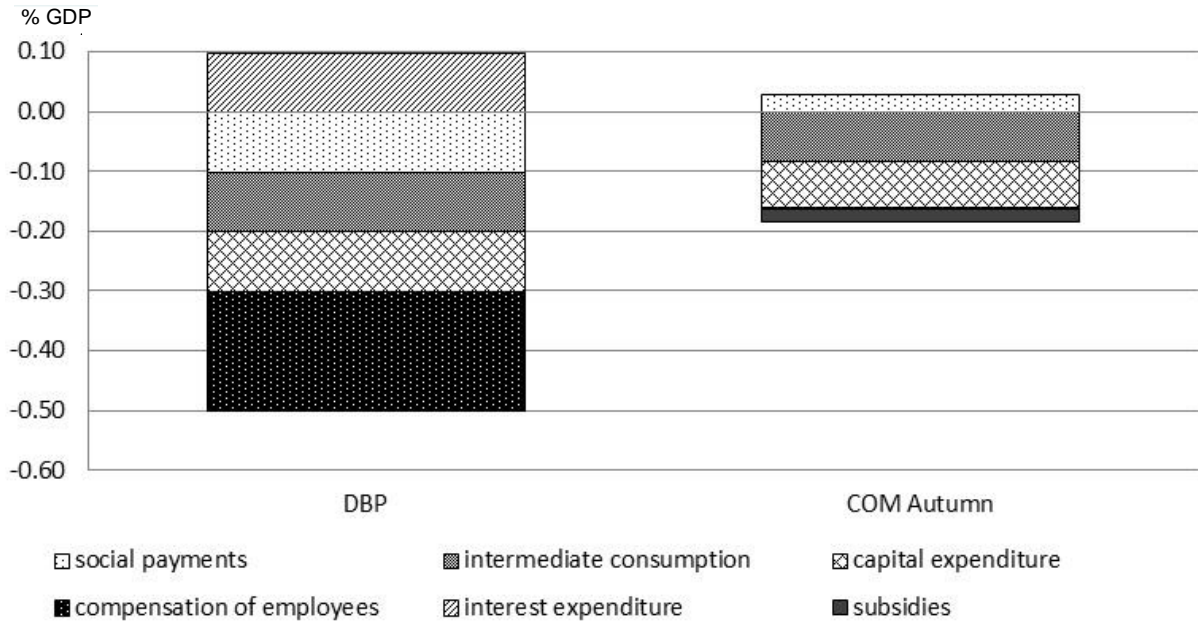
**Table A4: Real GDP growth (percentage change) for the EA13 according to the Draft Budgetary Plans (DBP), the Stability Programmes (SP) and the 2013 Commission autumn forecast (COM)**

	2013			2014		
Country	DBP	SP	COM	DBP	SP	COM
BE	0,1	0,2	0,1	1,1	1,5	1,1
DE	0,5	0,4	0,5	1,6	1,6	1,7
EE	1,5	3,0	1,3	3,6	3,6	3,0
ES	-1,3	-1,3	-1,3	0,7	0,5	0,5
FR	0,1	0,1	0,2	0,9	1,2	0,9
IT	-1,8	-1,3	-1,8	1,1	1,3	0,7
LU	1,0	1,0	1,9	2,3	2,2	1,8
MT	1,2	1,4	1,8	1,7	1,6	1,9
NL	-1,3	-0,4	-1,0	0,5	1,1	0,2
AT	0,4	1,0	0,4	1,7	1,8	1,6
SI	-2,4	-1,9	-2,7	-0,8	0,2	-1,0
SK	0,8	1,2	0,9	2,2	2,9	2,1
FI	-0,5	0,4	-0,6	1,2	1,6	0,6
EA-13	-0,4	-0,2	-0,3	1,2	1,3	1,1

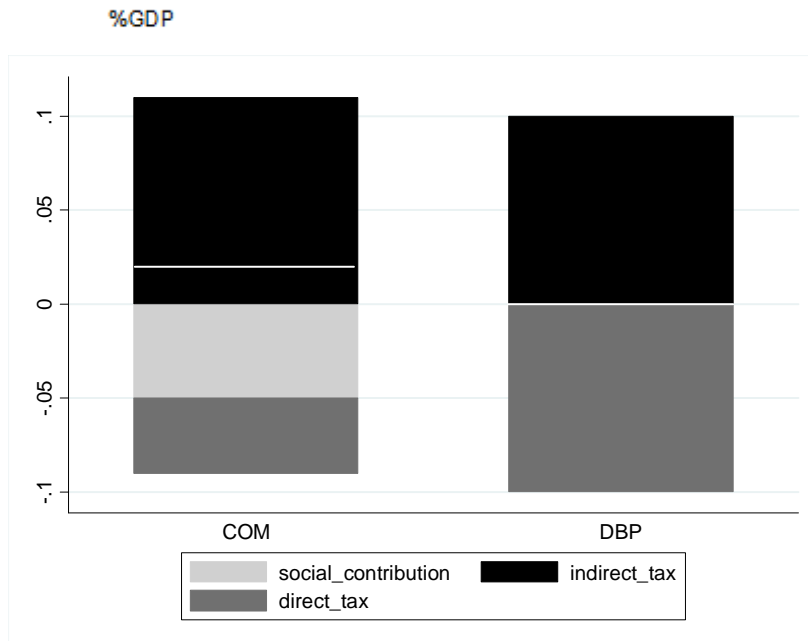
**Table A5: Composition of fiscal consolidation in 2013 and 2014 for the EA-13, according to the Draft Budgetary Plans (DBP), the Stability Programmes (SP) and the 2013 Commission autumn forecast (COM)**

% GDP unless otherwise specified	2013			2014		
	SP	DBP	COM	SP	DBP	COM
<b>Revenue Ratio</b>	47.7	47.2	47.1	47.1	47.2	47.1
p.p. change with respect to previous year	1.1	0.6	0.5	-0.6	0	0
<b>Expenditure Ratio</b>	50.4	50.0	49.8	49.1	49.5	49.6
p.p. change with respect to previous year	0.5	0.1	-0.1	-1.3	-0.5	-0.2
<b>Change in structural balance</b>	0.8	0.7	0.6	0.4	0.3	0.2

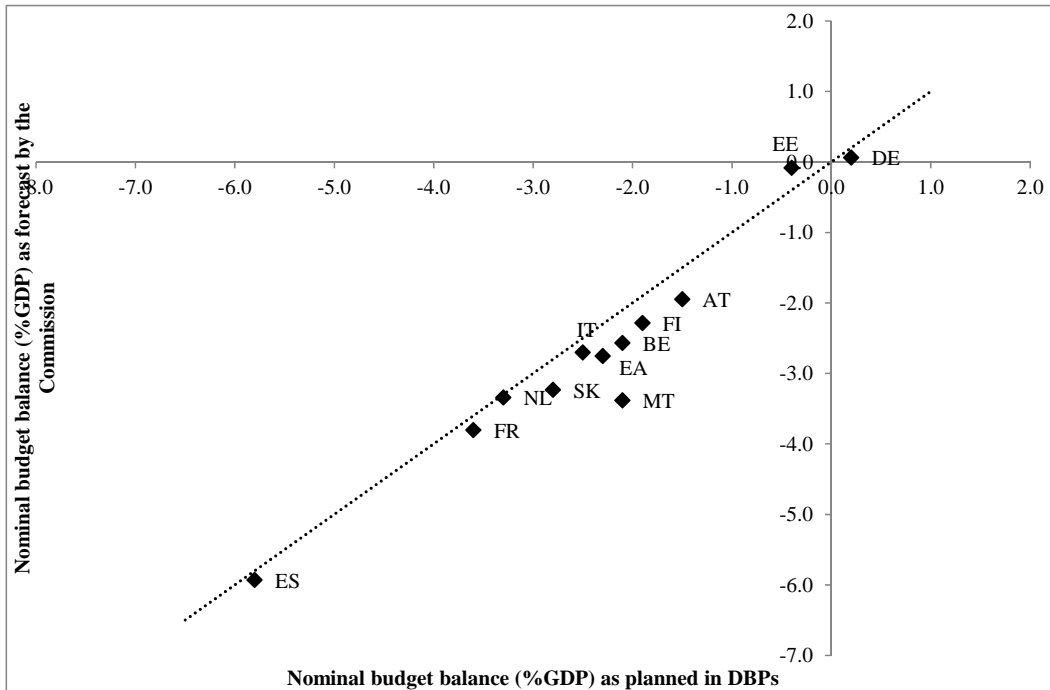
**Graph A1: Planned changes in main types of expenditure (% of GDP) for 2014 in EA13: Draft Budgetary Plans (DBP) versus 2013 Commission autumn forecast (COM)**



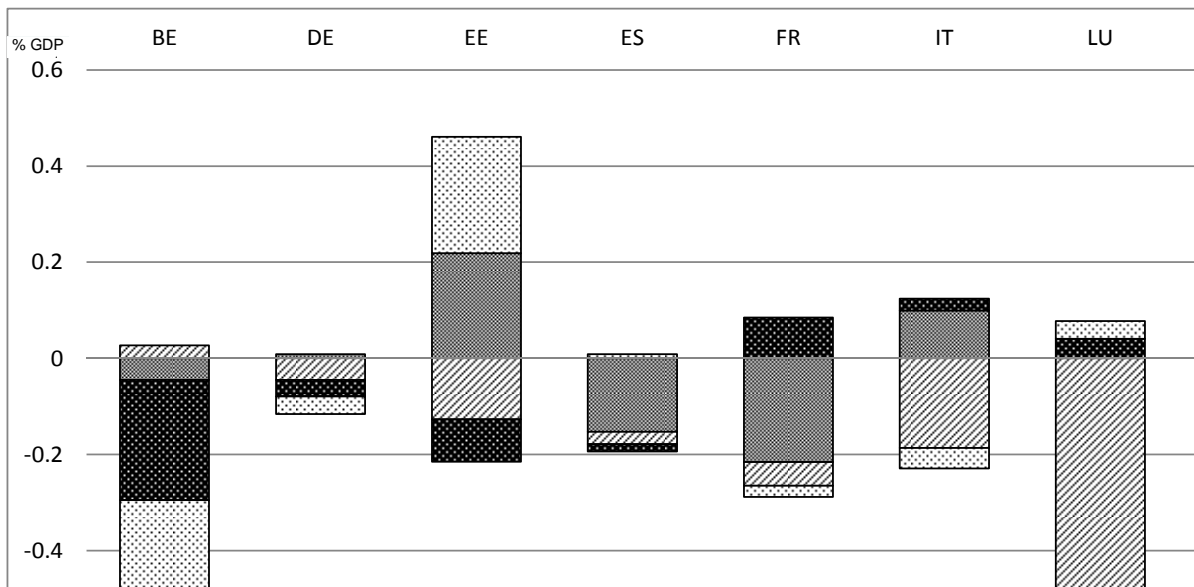
**Graph A2: Projected changes in main types of tax revenue (% of GDP) for 2014 in EA13: Draft Budgetary Plans (DBP) versus 2013 Commission autumn forecast (COM)**



**Graph A3: Comparison of headline government balance (% of GDP) as projected for 2014 by the 2013 Commission autumn forecast (COM) and in the Draft Budgetary Plans (DBP)**



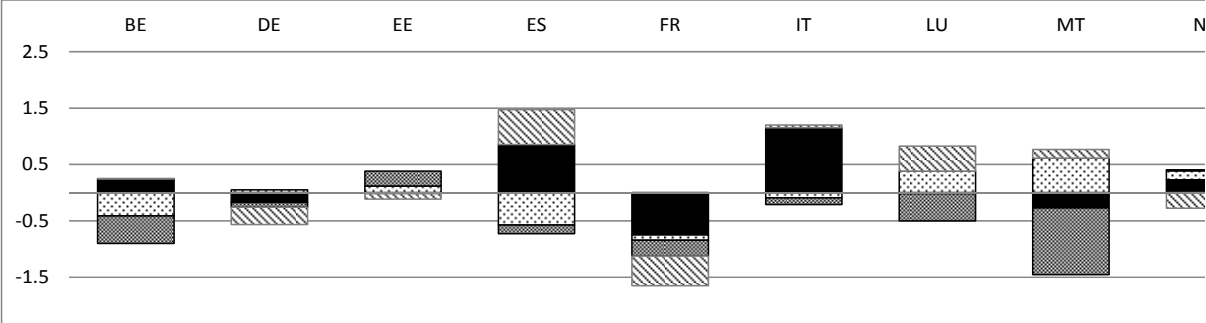
**Graph A4: Decomposition of the difference in headline targets (% of GDP) for 2014 between the 2013 Commission autumn forecast and Draft Budgetary Plans**



Graph A4 shows the differences in Member States' projected changes in headline deficits as forecast in the DBPs and as projected in 2014 autumn forecast, as a percentage of GDP. The stacked bars represent the different components to which the overall difference can be attributed. Generally, the change in structural balance planned for 2014 in the autumn forecast is 0.3% GDP smaller than the change foreseen in the DBP. A negative value indicates that the

change in general government deficits is projected to be smaller in the 2013 Commission autumn forecast than in the DBPs. The evolution of one-offs is the single largest explanation of a smaller change in the fiscal deficit in Commission's forecast.

**Graph A5: Decomposition of the difference in debt targets (% of GDP) for 2014 between the 2013 Commission autumn forecast and Draft Budgetary Plans**



Graph A5 shows the difference in debt evolution between 2013 and 2014 as projected in the DBP and in the Commission forecast respectively. A positive difference indicates that the projections of the DBP are for higher debt (or debt component). The different evolution is decomposed into different contributions: base effect, difference in the snowball effect (or interest-growth component), difference in the primary deficit component and difference in the stock-flow adjustments. The evolution of the stock-flow adjustments explains a smaller debt reduction in the Commission forecast.

## ANNEX V: Country-Specific assessment of DBP

### *Plans compliant with the country's obligations under the SGP*

**Estonia** achieved the medium-term objective of a structural surplus in 2012 and should preserve a sound fiscal position which ensures compliance with the medium-term objective. Although Estonia's structural balance deteriorates temporarily from the medium-term objective by ½% of GDP in 2013, the deviation is expected to be corrected by 2014, according to the plan. The deviation from the medium-term objective in 2013 is partly caused by the government's decision to reduce the dividend distribution from state-owned enterprises in 2013 and to introduce additional dividend distributions for 2014 and 2015, i.e. having a positive effect on the 2014 budget. Overall, risks related to fiscal developments are low with nominal budget positions targeted close to balance and with the lowest public debt in EU (10% of GDP in 2014).

The **German** draft budgetary plan projects a balanced general government budget and a diminishing debt-to-GDP ratio in 2013 and 2014. Moreover, in line with the requirements of the preventive arm of the Stability and Growth Pact, Germany complied with its medium-term objective in 2012 and plans to continue doing so in 2013 and 2014. It is also making sufficient progress towards compliance with the debt criterion. These projections are broadly in line with the Commission services' Autumn Forecast and appear overall realistic. However, the draft budgetary plan was submitted by the outgoing federal government on the basis of unchanged policies.

### *Plans compliant but with no margin*

For **France**, the Commission forecast projects that, based on the draft budgetary plan submitted, the nominal deficit will turn out higher than recommended in both 2013 and 2014. The change in the structural balance underlying the projected headline deficit is estimated at 0.9% and 0.7% of GDP for this year and the next. However, when correcting for revisions to potential GDP growth estimates and for unexpected shortfalls in tax receipts when compared with the forecast at the time the Council recommendation was issued, the structural effort comes in at 1.3% and 0.8% of GDP. The corrected structural effort therefore appears just in line with the Council recommendation. The assessment is complemented by a bottom-up assessment of measures, indicating that France has taken additional measures for 2014 adding up to slightly below 1% of GDP. Although there are still significant risks to the expected budgetary outcome for 2013 and 2014, France can be considered to have taken effective action in compliance with the Council recommendation of 21 June 2013 to correct the excessive deficit by 2015.

For the **Netherlands**, according to the Commission 2013 Autumn Forecast, the EDP requirements seem to be for 2013 with respect to both the headline and structural deficit targets and effective action in compliance with the Council recommendation of 21 June 2013 has been delivered. For 2014, the headline deficit is forecast to remain above the recommended nominal target of 2.8% of GDP. On the basis of the 2013 Autumn Forecast, the change in the structural balance corrected for revisions in potential growth and unexpected revenue shortfalls is 0.5% of GDP, below the recommended effort of around 0.7% of GDP in the EDP recommendation. A bottom-up assessment shows that the Netherlands has taken additional measures for 2014 of around 1% of GDP, which is in line with the amount of measures deemed necessary to reach the structural targets spelled out in the EDP recommendation.

For **Slovenia**, the headline deficit targets planned in the draft budgetary plan at 5.6% and 6.7% of GDP in 2013 and 2014 are above the EDP headline deficit targets of 4.9% and 3.3% of GDP, respectively. According to the Commission 2013 Autumn Forecast, the change in the structural balance is estimated at -0.1% and 0.7% of GDP in 2013 and 2014 respectively. When corrected for the unexpected revenue shortfalls and revisions in potential growth calculations, the improvement is estimated at 0.6% of GDP in both 2013 and 2014, slightly short of the 0.7% of GDP annual structural effort recommended for 2013, but just above the 0.5% of GDP recommended for 2014. Based on a bottom-up assessment, the overall size of consolidation measures for 2013 adopted after the June 2013 EDP recommendation is just above the 1% of GDP of additional consolidation measures mentioned in the June 2013 EDP recommendation. For 2014, the bottom-up analysis falls slightly short of 1½% of GDP of additional consolidation measures mentioned in June 2013 EDP recommendation. Based on current information it appears the Slovenia has taken effective action in 2013 and seems on track to delivering the recommended structural improvement in 2014, although with no margin.

### *Plans broadly compliant*

For **Belgium**, the headline balance planned in the draft budgetary plan in 2013 is below the 3% of GDP deficit reference value, but according to the Commission forecast slightly above the target of 2.7% of GDP under the EDP. The fiscal effort is currently estimated at 0.8% of GDP. However, when corrected for the downward revision in potential growth since the time of the Council Decision as well as for revenue shortfalls compared to the forecast underlying the Council Decision, the adjusted structural improvement is estimated at 1% of GDP, in line with the effort of 1% of GDP required by the Council. Therefore Belgium can be considered to have taken effective action in compliance with the Council Decision of 21 June 2013. If Belgium corrects its excessive deficit by 2013, it will be subject to the preventive arm of the SGP. Belgium would be making sufficient progress towards compliance with the debt criterion. However, a deviation from the adjustment path towards the MTO is to be expected in 2014 which, if repeated the following year, could be assessed to be significant and could put under risk the compliance with the requirements of the preventive arm of the Pact. Belgium is expected to comply with the debt criterion in 2014.

For **Austria**, the general government deficit is expected to stand below the 3% threshold in 2013 by both the draft budgetary plan and Commission forecast, in line with the Council's EDP recommendation to correct the excessive deficit by 2013. Uncertainty over the cost of the anticipated bank support could possibly jeopardise the requirement of a durable correction of the deficit. In case the Council abrogates the EDP procedure in spring 2014, Austria would comply with the transition period from 2014 for the debt criterion. However, Austria is not envisaging pursuing an annual structural adjustment towards the MTO by more than 0.5% next year, and a significant deviation in terms of the change in the structural balance would emerge. However, the draft budgetary plan was submitted by the outgoing federal government on the basis of unchanged policies.

Based on the DBP and the Commission forecast, **Slovakia** is expected to bring the deficit in line with the 3% of GDP threshold in 2013, which is the deadline set by the Council for correction of the excessive deficit. The average annual fiscal effort for the period 2010-13,, adjusted for changes in potential growth and revenue shortfalls compared to the forecast underpinning the EDP recommendation amounts to 2% of GDP, which is well above the annual average fiscal effort of 1% of GDP recommended by the Council. For 2014 the draft budgetary plan targets a headline deficit of 2.8% of GDP, while on current policies the



Commission projects the deficit to increase to 3.2% of GDP, suggesting that a durable correction of the excessive deficit may not be ensured. This implies that additional measures may be needed to ensure sustainability of the correction which is a pre-condition for EDP abrogation. Moreover, in 2014 Slovakia does not fully respect the requirements of the preventive arm of the SGP as the structural balance is projected to deteriorate.

### *Plans at risk of non-compliance*

**Italy's** draft budgetary plan projects the government deficit to decline to 2.5% of GDP in 2014 from 3% in 2012 and 2013. In structural terms (i.e. the cyclically adjusted balance net of one-off and temporary measures, recalculated by the Commission services on the basis of the information provided in the Draft Budgetary Plan, using the commonly agreed methodology), the government projections imply an overall improvement of 0.5 percentage points (p.p.) of GDP in 2013 and 0.2 p.p. in 2014 (after 2¼ p.p. in 2012), with a structural position still in deficit in 2014 (-0.7% of GDP). In the Commission Forecast, the 2014 deficit is expected at 2.7% of GDP. This is essentially explained by lower economic growth, so that the structural balance is in line with the recalculated structural balance in the draft budgetary plan. Downside risks are associated to the lack of full implementation of measures already enshrined in legislation and a watering down of the draft budgetary plan in Parliament. In the draft budgetary plan the general government gross debt is projected to peak at around 133% of GDP in 2013 and then stabilise in 2014. In 2014, Italy is not making sufficient progress towards compliance with the debt criterion due to insufficient structural adjustment in the Commission Forecast (0.1 p.p. of GDP vs. the required 0.7 p.p.). Italy has included about ¼ p.p. of GDP expenditure in the draft budgetary plan, related to the government's intention to benefit from the so-called "investment clause". However, as Italy does not comply with the debt criterion in 2014, this would lead to non-eligibility to the investment clause. Therefore, Italy should continue to make sufficient progress towards the MTO also in 2014, by ensuring the necessary structural adjustment. The structural balance points to a deviation in 2014 which, if repeated the following year, could be assessed to be significant and could put at risk compliance with the requirements of the preventive arm of the SGP.

For **Luxembourg**, according to the Commission 2013 Autumn Forecast, the general government balance, in nominal terms, is expected to deteriorate from a deficit of 0.6% in 2012 to a deficit of 0.9% and 1% of GDP in 2013 and 2014, respectively. In structural terms, the surplus of the general government balance is expected by both the Draft Budgetary Plan and Commission forecast, to narrow from 0.8% in 2012 to only 0.2% of GDP in 2013, i.e. below the MTO set at a surplus of 0.5% of GDP. Under the no-policy change assumption, the structural balance is then projected to further deviate from the MTO and even to turn into a deficit of 0.4% of GDP in 2014. In sum, Luxembourg is expected to depart from its MTO in 2013 and further deviate from it in 2014. However, the draft budgetary plan was submitted by the outgoing government on the basis of unchanged policies.

For **Malta**, on the basis of the Commission 2013 autumn forecast, the 2013 deficit is projected to meet the EDP requirement. At the same time, according to the Commission 2013 Autumn Forecast, the change in the adjusted structural balance (0.5% of GDP) comes below the recommended annual structural effort (0.7% of GDP). Therefore, while Malta can be considered to have complied so far with the Council recommendation of 21 June 2013, there is a risk that the correction of the deficit may not be achieved, owing to the apparent lack of a sufficient effort to support it. The situation will have to be reassessed against the spring 2014 notified data. By contrast, pending the assessment of the 2014 budget, the EDP requirements for 2014 are not fulfilled both in nominal and structural terms as the Commission deficit

forecast remains above the EDP target of 2.7% of GDP and the adjusted structural balance (0.3% of GDP) is lower than the recommended annual fiscal effort (0.7% of GDP) in 2014. However, the projected deficit for 2014 (3.4% of GDP versus the recommended 2.7% of GDP) does not incorporate the consolidation measures in the 2014 budget, the details of which were not available by the cut-off date. It should be noted that, taken at face value, the measures included in the DBP would reduce the deficit forecast by 0.2% of GDP. This would still be insufficient to comply with the EDP recommendation.

For **Spain**, the Commission autumn forecast foresees a deficit of 5.9% of GDP in 2014, slightly above the 5.8% of GDP target contained in the draft budgetary plan submitted by the Spanish government. Yet, the uncertainty surrounding the budgetary outcomes in 2013 and 2014 is still very high. Based on current information, Spain appears to have taken effective action towards correcting the excessive deficit in 2013, but there is a risk that the draft budgetary plan for 2014 will not fulfil the requirements in the EDP recommendation. The draft budgetary plan is based on somewhat favourable growth assumptions and there are some implementation risks concerning certain of the measures included in the Plan. This poses risks to achieving the headline target. Moreover, the planned structural effort appears to fall short of what was deemed necessary in the EDP recommendation. Therefore, Spain is invited to take the necessary measures within the national budgetary process to ensure that the 2014 budget will be fully compliant with the Stability and Growth Pact. For 2015 and 2016, the budgetary adjustment falls clearly short of the EDP recommendation and Spain has yet to specify the structural measures for the years 2015-16 that are necessary to correct the excessive deficit by 2016.

For **Finland**, the draft budgetary plan foresees a higher (2.2% of GDP) general government deficit compared with the projections made in the Stability Programme (1.9%) for 2013. For 2014, the draft budgetary plan projects a narrowing of the general government deficit to 1.9% of GDP, against a deficit of 2.3% in the Commission autumn forecast. These differences are attributable to lower growth but also different estimates of budgetary trends. According to the Commission forecast there is a risk for a significant deviation from the MTO or the adjustment path in 2014. As public debt is expected to rise above 60% of GDP in 2014, the Commission has prepared a report under Article 126(3) of the Treaty to examine whether the debt position warrants the launch of an EDP.