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COVER NOTE

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COMMISSION STAFF WORKING DOCUMENT

Fiscal Statistical Tables providing background data relevant for the assessment of the 2023 Stability or Convergence Programmes

Accompanying the documents

Recommendations for COUNCIL RECOMMENDATION

**on the 2023 National Reform Programmes and delivering Council opinions on the 2023
Stability or Convergence Programmes of Belgium, Bulgaria, Czechia, Germany,
Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania,
Luxembourg, Hungary, Malta the Netherlands, Austria, Poland, Portugal, Romania,
Slovenia, Slovakia, Finland, and Sweden; and on the 2023 National Reform Programme
of Denmark**

{COM(2023) 601-627 final} - {SWD(2023) 601-627 final}

The Fiscal Statistical Tables provide background data relevant for the assessment of the 2023 Stability or Convergence Programmes.

In detail, the following tables are provided for each Member State:

Table 1 (Macroeconomic developments and forecasts) shows the main macroeconomic data, including real GDP growth and its components, the output gap, employment, unemployment, labour productivity, inflation, the GDP deflator, compensation of employees, and the net borrowing/lending vis-à-vis the rest of the world. The projections from the 2023 Stability or Convergence Programmes are shown side-by-side with those of the Commission 2023 spring forecast.

Table 2 (General government budgetary position) shows data on the main general government revenue and expenditure variables and budgetary targets in the 2023 Stability or Convergence Programmes, in comparison with the Commission 2023 spring forecast.

Table 3 (Main indicators for fiscal surveillance) includes the relevant fiscal indicators that are used for fiscal surveillance at this stage. The table also details the setting of the recommended (maximum) growth rate for net nationally financed primary expenditure in 2024.

Table 4 (General government debt developments) shows the evolution of general government debt and provides a breakdown of the change in the debt-to-GDP ratio based on the contributions of the primary balance, the ‘snow-ball effect’ (reflecting the relationship between nominal GDP growth and interest expenditure), and the ‘stock-flow adjustment’ (that is, other factors that have an impact on general government debt, such as differences between cash and accrual recording, or the net accumulation of financial assets).

Table 5 (Recovery and Resilience Facility – Grants) presents data on grants from the Recovery and Resilience Facility as included in the Programmes’ revenue projections, their cash disbursements, and the expenditure categories (or other costs) financed by those grants.

Table 6 (Recovery and Resilience Facility – Loans), where applicable, presents data on cash disbursements and repayments of loans from/to the Recovery and Resilience Facility as included in the Programmes’ projections, their cash disbursements, and the expenditure categories (or other costs) financed by those loans.

The Fiscal Statistical Tables are complemented by two thematic boxes:

Box 1 (Fiscal surveillance indicators used in the assessment of the 2023 Stability or Convergence Programmes) provides details on the definition of the fiscal stance and its components for fiscal surveillance purposes at this stage, and explains how the recommended fiscal adjustment for 2024 – which, in the 2023 spring economic surveillance round, is established as a growth rate of net nationally financed primary expenditure – has been set.

Box 2 (Statistical recording of Recovery and Resilience Facility-related flows) summarises the fundamental principles underlying the recording of these transactions.

The Fiscal Statistical Tables reproduce data from the 2023 Stability or Convergence Programmes, as publicly reported in those documents. Therefore, the accuracy and quality of the data presented in the tables is influenced by how the information was provided in those source documents.

Differences between the projections in the 2023 Stability or Convergence Programmes and the Commission 2023 spring forecast may result from different assumptions/analyses on the macroeconomic and budgetary outlook.

Given that Denmark did not submit its 2023 Convergence Programme in a timely manner, the Commission was not able to assess it. Therefore, the Fiscal Statistical Tables for Denmark are strictly based on the Commission 2023 spring forecast.

Fiscal surveillance indicators used in the assessment of the 2023 Stability or Convergence Programmes

Definition of fiscal stance and its components

Traditionally, the fiscal stance is defined as a measure of the annual change in the underlying budgetary position of the general government. It may serve to assess the impact of fiscal policy on an economy's aggregate demand, as well as the speed at which the underlying budgetary position converges towards medium-term budgetary targets. Using the same indicator to gauge two different concepts was appropriate under the assumption that government expenditure was funded by national revenue sources and debt-financing, without large external transfers. However, in the presence of sizeable transfers from the EU budget (such as those from the Recovery and Resilience Facility or other EU grants), conventional indicators do not capture the additional fiscal impulse provided by the EU budget, as the related expenditure is offset by matching revenue from the EU.

The fiscal stance reported in Table 3 for each Member State aims to assess the economic impulse stemming from fiscal policies, both those that are nationally financed and those that are financed by the EU budget. It measures the change in primary expenditure, net of the incremental impact of discretionary revenue measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by Recovery and Resilience Facility grants and other EU funds, relative to the medium-term (10-year) average potential GDP growth rate, in nominal terms.

$$\text{Fiscal Stance}_t = \frac{(1+Pot_t) \cdot (1+\pi_t) \cdot E_{t-1} - (E_t - \Delta RM_t)}{GDP_t}$$

Where ' Pot_t ' is the medium-term (10-year) average potential GDP growth rate, ' π_t ' is the GDP deflator, and $E_t = G_t - I_t - U_t - one_offs_t^G - (pandemic\text{-}related\ emergency\ temporary\ measures_t^G)$, in a given year ' t '.

The expenditure aggregate ' E_t ' comprises primary expenditure (total expenditure ' G_t ' less interest expenditure ' I_t '), net of cyclical unemployment benefits ' U_t ' and one-off expenditure ' $one_offs_t^G$ ', in a given year ' t '. In turn, ' ΔRM_t ' stands for the incremental budgetary impact of revenue measures (other than one-off revenue), in a given year ' t '. In view of the exceptional circumstances created by the impact of the COVID-19 pandemic, pandemic-related temporary emergency measures are also excluded from both the expenditure aggregate ' E_t ' and the incremental budgetary impact of revenue measures ' ΔRM_t '.⁽¹⁾

In order to monitor compliance with the Council recommendations, the Commission also examines whether the projected evolution of net nationally financed primary expenditure is expected to be the result of continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Therefore, Table 3 also presents the change in the net budgetary cost⁽²⁾ of: (i) energy measures in response to high energy prices; (ii) energy support measures targeted at vulnerable households and firms; and, (iii) support to persons fleeing Ukraine.⁽³⁾

(1) COVID-19 pandemic-related emergency measures generally aimed at addressing the public health situation and compensating workers and firms for income losses due to lockdown measures and supply chain disruptions. These measures were mostly of a temporary nature, but their impact was contingent on the development of the health situation.

(2) This includes the budgetary cost of energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

Furthermore, Table 3 also monitors the growth rate of net nationally financed primary expenditure ' $\Delta NNPE_t$ '. That aggregate is very similar to the one used for the fiscal stance, but it excludes expenditure financed by the EU budget. As a rule, in a given year ' t ', the net nationally financed primary expenditure aggregate ' $NNPE_t$ ' is calculated as:

$$NNPE_t = E_t - \Delta RM_t = G_t - I_t - U_t - EU_t - one_{offs_t}^G - \Delta RM_t$$

Setting the recommended fiscal adjustment for 2024

When setting the recommended fiscal adjustment – which, in the 2023 spring economic surveillance round, is established as a growth rate of net nationally financed primary expenditure – the Commission started from an annual improvement in the structural balance towards the medium-term budgetary objective (MTO) of 0.5% of GDP – as a benchmark – as called for by Council Regulation (EC) No 1466/97.⁽⁴⁾ This effort was modulated within a bandwidth of +/- 0.2 percentage points of GDP (hence, within a window of minimum 0.3 and maximum 0.7% of GDP) based on fiscal sustainability considerations. In particular, the Commission took into account the average annual increase in the structural (primary) balance needed to achieve a plausible debt reduction or ensure that government debt remains at prudent levels over the medium term.⁽⁵⁾

In addition, for Member States whose structural balance in 2023 is projected to reach a position at or above the MTO, no fiscal adjustment was recommended for 2024. In turn, for Member States whose structural balance is expected to be below – but close to – the MTO in 2023, the recommended fiscal adjustment for 2024 was capped to the projected distance to the MTO. Finally, where applicable, the Commission also took into consideration the need for Member States to reduce the general government deficit to below the Treaty reference value of 3% of GDP. In those cases, a minimum improvement in the structural balance of 0.5% of GDP towards the MTO was set for 2024.

The resulting fiscal adjustment for 2024 – expressed in terms of an improvement in the structural balance ' ΔSB_{2024}^* ' – was then translated into an improvement in the structural primary balance ' ΔSPB_{2024}^* ', taking into consideration interest expenditure developments ' ΔI_{2024} ' as projected based on the Commission 2023 spring forecast. Subsequently, the resulting fiscal effort was converted into a (maximum) growth rate in net nationally financed primary expenditure ' $\Delta NNPE_{2024}^*$ ', on which basis the recommendation was ultimately established:

$$\Delta NNPE_{2024}^* = (1 + Pot_{2024}) \cdot (1 + \pi_{2024}) \cdot \frac{\Delta SPB_{2024}^*}{\frac{NNPE_{2023}}{GDP_{2024}} \cdot 100} - 1$$

Where ' $NNPE_{2023}$ ' is nationally financed primary expenditure (net of one-off expenditure and cyclical unemployment expenditure), and $SPB_{2024}^* = \Delta SB_{2024}^* + \Delta I_{2024}$.

⁽³⁾ With regard to the change in the budgetary cost of the sets of measures referred to in categories (ii) and (iii), Table 3 reports the corresponding impact on the change in net nationally financed primary current expenditure.

⁽⁴⁾ Cf. Article 5 of Council Regulation (EC) No 1466/97, which also requires an adjustment of more than 0.5% of GDP for Member States with a government debt exceeding 60% of GDP, or with more pronounced debt sustainability risks.

⁽⁵⁾ This estimate was based on the Commission 2022 autumn forecast. The starting point for this estimate was the projected general government deficit and debt for 2024, which assumed the withdrawal of energy support measures in 2024.

Statistical recording of Recovery and Resilience Facility-related flows

Eurostat has issued guidance on the statistical recording of flows related to the Recovery and Resilience Facility (RRF).⁽⁶⁾ In this context, please note the following fundamental principles for the statistical recording of RRF-related flows:

- **RRF grants are recorded by matching the time of recording of revenue from the EU with the time of recording of expenditure financed by these grants.** This is irrespective of the timing of disbursements or pre-financing. This approach is by analogy to the recording of the traditional EU-fund related flows and it is often referred to as the '*principle of neutrality of EU flows*'. It ensures that timing differences - leads or lags - between disbursements and concrete spending do not have an effect on the government balance. This principle is well established, including in the ESA 2010 Regulation.
- **The government sector is the counterpart of the RRF grants.** While some RRF grants may ultimately be channelled to non-governmental entities in the form of subsidies and/or transfers, the RRF Regulation establishes that the financing applies at the level of payments from the Commission to the Member States as beneficiaries, irrespective of the further use of the RRF funds. This is somewhat different from the statistical recording of other EU fund-related flows, where the beneficiary, for national accounts purposes, can be either the government or a non-governmental entity.
- **Loans extended by the RRF to the Member States add to their government's debt.** At the same time, borrowing taken out by the Commission to finance RRF grants is considered as EU debt and, therefore, it is not attributed to the Member States.

In the Fiscal Statistical Tables, these fundamental principles underly the statistical reporting of RRF-related flows as presented in Table 2 (General government budgetary position), Table 3 (Main indicators for fiscal surveillance), Table 5 (Recovery and Resilience Facility – Grants), and, where applicable, also in Table 6 (Recovery and Resilience Facility – Loans).

⁽⁶⁾ [‘Guidance note on the statistical recording of the Recovery and Resilience Facility’](#), Eurostat, September 2021.

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1. BELGIUM

Table 1.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 3.2 | 3.2 | 1.0 | 1.2 | 1.7 | 1.4 | 1.3 | 1.4 |
| 2 | Private consumption | 4.1 | 4.1 | 1.6 | 2.6 | 1.9 | 1.7 | 1.7 | 1.3 |
| 3 | Gross fixed capital formation | -0.8 | -0.8 | 0.8 | 0.7 | 2.8 | 2.0 | 1.6 | 1.7 |
| 4 | Exports of goods and services | 5.1 | 5.1 | 2.3 | 1.3 | 2.5 | 2.5 | 3.3 | 3.4 |
| 5 | Imports of goods and services | 4.9 | 4.9 | 2.5 | 1.6 | 2.6 | 2.7 | 3.3 | 3.3 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 2.0 | 2.6 | 1.3 | 1.6 | 1.9 | 1.5 | 1.5 | 1.5 |
| 7 | - Change in inventories | 0.8 | 0.6 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | 0.2 | 0.2 | -0.3 | -0.3 | -0.2 | -0.2 | -0.2 | -0.1 |
| 9 | Output gap, as planned (% of potential GDP) | 0.0 | 0.5 | -0.6 | 0.0 | -0.4 | -0.2 | -0.4 | -0.4 |
| 10 | Output gap, as recalculated ¹ | 0.5 | | -0.1 | | 0.1 | | -0.1 | 0.0 |
| 11 | Employment (% change) | 2.0 | 2.0 | 0.7 | 0.6 | 0.8 | 0.9 | 0.6 | 0.7 |
| 12 | Unemployment rate (%) | 5.6 | 5.6 | 5.7 | 5.8 | 5.5 | 5.7 | 5.4 | 5.4 |
| 13 | Labour productivity (% change) | 1.1 | 1.2 | 0.3 | 0.6 | 0.9 | 0.5 | 0.7 | 0.6 |
| 14 | HICP inflation (% change) | 9.6 | 10.3 | 4.5 | 3.4 | 2.9 | 3.5 | 1.8 | 1.7 |
| 15 | GDP deflator | 5.9 | 5.9 | 3.4 | 3.8 | 2.3 | 2.3 | 1.9 | 1.7 |
| 16 | Comp. of employees (per head, % change) | 7.3 | 7.2 | 8.0 | 9.0 | 3.9 | 3.4 | 2.8 | 2.3 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -3.5 | -2.8 | -2.0 | -1.6 | -1.1 | -1.6 | -0.2 | 0.3 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 1.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 49.7 | 49.7 | 51.1 | 50.2 | 51.2 | 50.5 | 51.8 | 51.9 | 2.2 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 12.6 | 12.7 | 13.3 | 13.2 | 13.1 | 13.1 | 13.1 | 13.0 | 0.3 |
| 3 | - Current taxes on income, wealth, etc. | 16.5 | 16.5 | 16.9 | 16.4 | 17.1 | 16.5 | 17.6 | 17.8 | 1.3 |
| 4 | - Social contributions | 15.1 | 15.2 | 15.5 | 15.4 | 15.8 | 15.7 | 15.9 | 15.9 | 0.8 |
| 5 | - Other (residual) | 5.4 | 5.3 | 5.5 | 5.2 | 5.3 | 5.2 | 5.3 | 5.2 | -0.2 |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.0 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 53.5 | 53.5 | 56.2 | 55.2 | 55.4 | 55.2 | 55.1 | 54.8 | 1.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 52.0 | 52.0 | 54.4 | 53.4 | 53.5 | 53.2 | 52.9 | 52.5 | 0.4 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 12.4 | 12.4 | 13.1 | 12.9 | 13.0 | 12.9 | 12.8 | 12.6 | 0.2 |
| 11 | - Intermediate consumption | 4.3 | 4.3 | 4.2 | 4.2 | 4.0 | 4.0 | 3.9 | 3.8 | -0.6 |
| 12 | - Social payments | 25.7 | 25.7 | 26.8 | 26.5 | 26.8 | 26.7 | 26.8 | 26.7 | 1.0 |
| 13 | - Subsidies | 3.7 | 3.7 | 3.8 | 3.7 | 3.7 | 3.6 | 3.7 | 3.6 | -0.1 |
| 14 | - Gross fixed capital formation | 2.7 | 2.7 | 2.9 | 2.9 | 3.1 | 3.1 | 3.0 | 3.0 | 0.4 |
| 15 | - Other (residual) | 3.2 | 3.2 | 3.6 | 3.3 | 2.9 | 2.9 | 2.8 | 2.7 | -0.5 |
| 16 | - Interest expenditure | 1.5 | 1.5 | 1.7 | 1.7 | 2.0 | 2.0 | 2.2 | 2.4 | 0.9 |
| 17=6-7 | Expenditure financed by RRF grants | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.0 | -0.1 |
| 18=1-8 | General government balance (% of GDP) | -3.9 | -3.9 | -5.1 | -5.0 | -4.2 | -4.7 | -3.3 | -2.9 | 0.9 |
| 19=1-9 | Primary balance | -2.4 | -2.4 | -3.3 | -3.3 | -2.2 | -2.8 | -1.2 | -0.5 | 1.8 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -3.9 | -4.2 | -4.7 | -5.0 | -4.0 | -4.6 | -3.1 | -2.7 | 1.2 |
| 21=20+16 | Cyclically adjusted primary balance | -2.4 | -2.6 | -3.0 | -3.3 | -2.0 | -2.7 | -0.9 | -0.3 | 2.1 |
| 22 | One-off measures (% of GDP) | 0.2 | 0.0 | -0.1 | -0.1 | -0.2 | -0.2 | 0.0 | 0.0 | -0.2 |
| 23=20-22 | Structural balance (% of potential GDP) | -4.1 | -4.2 | -4.6 | -4.9 | -3.8 | -4.5 | -3.0 | -2.7 | 1.4 |
| 24=23+16 | Structural primary balance | -2.5 | -2.7 | -2.8 | -3.1 | -1.9 | -2.5 | -0.9 | -0.3 | 2.3 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 1.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.6 | -0.5 | -0.7 | 0.8 | 0.4 |
| 2 | Change in the structural primary balance | na. | 0.4 | -0.3 | -0.5 | 1.0 | 0.6 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -2.0 | | -1.1 | | 0.6 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | | -0.1 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -1.9 | | -1.0 | | 0.6 | |
| 6 | - Nationally financed net primary current expenditure | -1.9 | | -0.7 | | 0.8 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | -0.1 | | -0.2 | |
| 8 | - Nationally financed other capital expenditure | 0.0 | | -0.1 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.8 | | -0.5 | | -0.4 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.2 | | -0.1 | | -0.1 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.5 | | -0.5 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -4.9 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.75 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 5.6 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.7 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 2.0 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 2.7 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -0.7 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 1.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 104.1 | 105.1 | 105.1 | 106.7 | 106.0 | 107.1 | 107.3 | 107.6 | 107.8 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 0.8 | -4.0 | -4.0 | 1.5 | 0.8 | 0.4 | 1.4 | 0.5 | 0.2 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 1.6 | 2.4 | 2.4 | 3.3 | 3.3 | 2.2 | 2.8 | 1.2 | 0.5 |
| 4=5+6+7 | 'Snow-ball' effect | -1.2 | -7.8 | -7.8 | -2.7 | -3.3 | -2.2 | -1.8 | -1.1 | -0.8 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 2.0 | 1.5 | 1.5 | 1.7 | 1.7 | 2.0 | 2.0 | 2.2 | 2.4 |
| 6 | - Growth effect | -1.3 | -3.2 | -3.2 | -1.0 | -1.2 | -1.7 | -1.4 | -1.4 | -1.4 |
| 7 | - Inflation effect | -1.9 | -5.9 | -5.9 | -3.4 | -3.8 | -2.4 | -2.4 | -1.9 | -1.7 |
| 8 | 'Stock-flow' adjustment | 0.5 | 1.4 | 1.4 | 0.9 | 0.9 | 0.4 | 0.4 | 0.5 | 0.4 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 1.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.2 | 0.0 | 0.1 | 0.3 | 0.1 | 0.1 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

2. BULGARIA

Table 2.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|------------|------|------|
| | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1=6+7+8 | Real GDP (% change) | 3.4 | 3.4 | 1.8 | 1.5 | 3.3 | 2.4 | 3.2 | 3.0 |
| 2 | Private consumption | 4.8 | 4.8 | 3.2 | 3.6 | 4.3 | 1.5 | 4.0 | 3.8 |
| 3 | Gross fixed capital formation | -4.3 | -4.3 | 6.3 | 2.2 | 12.6 | 3.3 | 6.5 | 4.8 |
| 4 | Exports of goods and services | 8.3 | 8.3 | 1.7 | 2.6 | 4.3 | 3.2 | 4.7 | 4.3 |
| 5 | Imports of goods and services | 10.5 | 10.5 | 3.9 | 2.9 | 6.4 | 2.8 | 5.4 | 5.0 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 3.3 | 3.3 | 3.3 | 3.2 | 4.5 | 2.2 | 3.7 | 3.4 |
| 7 | - Change in inventories | 1.3 | 1.3 | 0.0 | -1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -1.2 | -1.2 | -1.5 | -0.2 | -1.3 | 0.3 | -0.5 | -0.5 |
| 9 | Output gap, as planned (% of potential GDP) | 0.9 | 1.4 | 0.2 | 0.4 | 0.5 | 0.7 | 0.8 | 0.9 |
| 10 | Output gap, as recalculated ¹ | 1.2 | | -0.1 | | 0.3 | | 0.7 | 1.1 |
| 11 | Employment (% change) | 1.3 | 1.3 | 0.4 | 0.3 | 0.7 | 0.3 | 0.5 | 0.3 |
| 12 | Unemployment rate (%) | 4.3 | 4.3 | 4.1 | 4.3 | 3.9 | 4.0 | 3.8 | 3.8 |
| 13 | Labour productivity (% change) | 2.1 | 2.1 | 1.4 | 1.2 | 2.5 | 2.1 | 2.7 | 2.7 |
| 14 | HICP inflation (% change) | 13.0 | 13.0 | 8.7 | 9.4 | 3.8 | 4.2 | 2.8 | 2.2 |
| 15 | GDP deflator | 15.1 | 15.1 | 9.5 | 10.4 | 3.7 | 3.9 | 3.1 | 2.8 |
| 16 | Comp. of employees (per head, % change) | 18.4 | 18.4 | 11.5 | 13.5 | 10.6 | 9.1 | 7.7 | 7.1 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 0.3 | 0.5 | 1.0 | 2.4 | 0.9 | 2.5 | -0.3 | 0.0 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 2.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1=2+3+4+5 | Revenue (% of GDP) | 38.5 | 38.5 | 35.5 | 37.4 | 36.2 | 37.4 | 35.4 | 34.3 | -4.2 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 15.8 | 15.8 | 14.5 | 13.8 | 14.3 | 13.6 | 14.1 | 13.9 | -1.9 |
| 3 | - Current taxes on income, wealth, etc. | 6.4 | 6.4 | 6.3 | 6.6 | 6.6 | 6.7 | 6.6 | 6.5 | 0.1 |
| 4 | - Social contributions | 8.4 | 8.4 | 8.4 | 8.7 | 8.6 | 9.1 | 8.6 | 8.8 | 0.4 |
| 5 | - Other (residual) | 7.9 | 7.9 | 6.3 | 8.2 | 6.7 | 7.9 | 6.1 | 5.1 | -2.8 |
| 6 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.3 | 0.5 | 1.3 | 1.4 | 1.1 | 0.5 | 0.4 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 41.3 | 41.3 | 41.6 | 42.2 | 40.9 | 42.2 | 40.4 | 39.4 | -1.9 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 40.8 | 40.9 | 41.0 | 41.7 | 39.9 | 41.6 | 39.1 | 37.7 | -3.1 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.0 | 10.0 | 9.9 | 10.3 | 9.7 | 10.7 | 9.5 | 9.3 | -0.7 |
| 11 | - Intermediate consumption | 5.3 | 5.3 | 5.9 | 5.3 | 4.8 | 5.4 | 4.2 | 4.3 | -1.0 |
| 12 | - Social payments | 14.9 | 14.9 | 15.7 | 16.3 | 16.3 | 17.2 | 16.6 | 16.7 | 1.8 |
| 13 | - Subsidies | 5.1 | 5.1 | 3.2 | 2.8 | 2.0 | 2.0 | 1.9 | 1.8 | -3.3 |
| 14 | - Gross fixed capital formation | 3.0 | 3.0 | 4.0 | 3.8 | 4.6 | 3.0 | 4.7 | 3.5 | 0.5 |
| 15 | - Other (residual) | 2.5 | 2.5 | 2.3 | 3.2 | 2.5 | 3.3 | 2.2 | 2.1 | -0.4 |
| 16 | - Interest expenditure | 0.5 | 0.5 | 0.6 | 0.5 | 1.0 | 0.6 | 1.3 | 1.7 | 1.2 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 0.3 | 0.5 | 1.3 | 1.4 | 1.1 | 0.4 | 0.4 |
| 18=1-8 | General government balance (% of GDP) | -2.8 | -2.8 | -6.1 | -4.8 | -4.7 | -4.8 | -4.9 | -5.0 | -2.2 |
| 19=1-9 | Primary balance | -2.3 | -2.3 | -5.5 | -4.3 | -3.6 | -4.2 | -3.7 | -3.4 | -1.1 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -3.1 | -3.2 | -6.2 | -5.0 | -4.8 | -5.0 | -5.2 | -5.3 | -2.2 |
| 21=20+16 | Cyclically adjusted primary balance | -2.6 | -2.8 | -5.6 | -4.4 | -3.8 | -4.4 | -3.9 | -3.7 | -1.1 |
| 22 | One-off measures (% of GDP) | -1.8 | 0.0 | -0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 |
| 23=20-22 | Structural balance (% of potential GDP) | -1.3 | -3.2 | -5.8 | -5.0 | -4.8 | -5.0 | -5.2 | -5.3 | -4.0 |
| 24=23+16 | Structural primary balance | -0.8 | -2.8 | -5.2 | -4.4 | -3.8 | -4.4 | -3.9 | -3.6 | -2.8 |

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 2.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|------|
| | | CP | COM | CP | COM | CP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.7 | -4.5 | -1.7 | 1.0 | -0.1 |
| 2 | Change in the structural primary balance | na. | 0.7 | -4.4 | -1.7 | 1.4 | 0.0 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -12 | | -3.1 | | 0.3 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | -1.1 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -1.3 | | -2.0 | | 0.3 | |
| 6 | - Nationally financed net primary current expenditure | -0.8 | | -1.9 | | -0.5 | |
| 7 | - Nationally financed gross fixed capital formation | -0.5 | | -0.1 | | 0.7 | |
| 8 | - Nationally financed other capital expenditure | 0.0 | | 0.1 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.9 | | -0.7 | | -0.7 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.7 | | -1.0 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -5.0 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 4.0 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 4.6 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 5.4 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -0.8 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 2.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1 | Gross debt ratio¹ (% of GDP) | 23.1 | 22.9 | 22.9 | 26.6 | 25.0 | 30.7 | 28.1 | 33.8 | 37.1 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -1.0 | -1.0 | -1.1 | 3.7 | 2.1 | 4.1 | 3.0 | 3.1 | 3.3 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.2 | 2.3 | 2.3 | 5.5 | 4.3 | 3.6 | 4.2 | 3.7 | 3.4 |
| 4=5+6+7 | 'Snow-ball' effect | -1.2 | -3.3 | -3.4 | -1.8 | -1.9 | -0.7 | -0.9 | -0.6 | -0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.6 | 0.4 | 0.5 | 0.6 | 0.5 | 1.0 | 0.6 | 1.3 | 1.6 |
| 6 | - Growth effect | -0.6 | -0.7 | -0.7 | -0.4 | -0.3 | -0.8 | -0.6 | -0.9 | -1.0 |
| 7 | - Inflation effect | -1.1 | -3.0 | -3.0 | -2.0 | -2.1 | -0.9 | -0.9 | -0.9 | -0.9 |
| 8 | 'Stock-flow' adjustment | 0.3 | na. | 0.0 | na. | -0.2 | na. | -0.3 | na. | na. |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 2.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 0.3 | 1.3 | 1.1 | 0.5 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.0 | 1.6 | 0.0 | 1.5 | 1.7 | 1.4 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.3 | 1.2 | 1.0 | 0.4 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.3 | 1.2 | 1.0 | 0.4 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

3. CZECHIA

Table 3.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1=6+7+8 | Real GDP (% change) | 2.5 | 2.5 | 0.1 | 0.2 | 3.0 | 2.6 | 2.9 | 2.5 |
| 2 | Private consumption | -0.9 | -0.9 | -2.7 | -2.2 | 3.9 | 3.3 | 4.0 | 3.0 |
| 3 | Gross fixed capital formation | 6.2 | 6.2 | 2.8 | 2.8 | 0.5 | 2.7 | 2.2 | 2.4 |
| 4 | Exports of goods and services | 5.7 | 5.7 | 4.1 | 5.1 | 4.7 | 4.4 | 3.2 | 2.9 |
| 5 | Imports of goods and services | 5.7 | 5.7 | 3.0 | 4.5 | 2.8 | 4.2 | 1.8 | 1.9 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 1.3 | 1.3 | -0.1 | 0.1 | 2.2 | 2.5 | 2.7 | 2.4 |
| 7 | - Change in inventories | 1.0 | 1.0 | -0.5 | -0.3 | -0.7 | -0.2 | -0.8 | -0.7 |
| 8 | - Net exports | 0.2 | 0.2 | 0.8 | 0.4 | 1.4 | 0.2 | 1.0 | 0.8 |
| 9 | Output gap, as planned (% of potential GDP) | 0.0 | | -1.8 | | -1.2 | | -0.4 | -0.1 |
| 10 | Output gap, as recalculated ¹ | -1.2 | -1.1 | -2.7 | -2.3 | -1.6 | -1.3 | -0.9 | -0.2 |
| 11 | Employment (% change) | 1.7 | 1.7 | -0.4 | 0.7 | 0.5 | 0.6 | 0.2 | 0.1 |
| 12 | Unemployment rate (%) | 2.3 | 2.2 | 3.0 | 2.8 | 2.8 | 2.6 | 2.7 | 2.7 |
| 13 | Labour productivity (% change) | 0.7 | 0.7 | 0.5 | -0.5 | 2.4 | 2.1 | 2.8 | 2.4 |
| 14 | HICP inflation (% change) | 14.8 | 14.8 | 12.2 | 11.9 | 2.6 | 3.4 | 2.2 | 2.0 |
| 15 | GDP deflator | 8.6 | 8.6 | 9.9 | 11.3 | 3.8 | 5.5 | 2.8 | 2.2 |
| 16 | Comp. of employees (per head, % change) | 5.5 | 5.5 | 7.9 | 7.3 | 5.3 | 6.6 | 4.3 | 4.3 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -4.9 | -4.0 | -2.0 | -1.3 | -0.3 | 0.4 | 0.6 | 1.0 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 3.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1=2+3+4+5 | Revenue (% of GDP) | 41.0 | 41.0 | 41.1 | 40.7 | 39.6 | 39.2 | 39.0 | 38.5 | -2.5 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 11.3 | 11.3 | 10.8 | 10.7 | 10.8 | 10.6 | 10.8 | 10.8 | -0.5 |
| 3 | - Current taxes on income, wealth, etc. | 7.4 | 7.4 | 7.8 | 7.9 | 7.6 | 7.6 | 7.5 | 7.3 | -0.1 |
| 4 | - Social contributions | 16.0 | 16.0 | 15.6 | 15.5 | 15.5 | 15.3 | 15.2 | 15.1 | -0.8 |
| 5 | - Other (residual) | 6.2 | 6.2 | 6.9 | 6.6 | 5.8 | 5.6 | 5.4 | 5.2 | -1.0 |
| 6 | RRF grants as included in the revenue projections | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.4 | 0.0 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 44.6 | 44.6 | 44.7 | 44.3 | 42.6 | 42.1 | 41.4 | 40.6 | -3.9 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 43.4 | 43.4 | 43.4 | 43.0 | 41.3 | 40.8 | 40.1 | 39.3 | -4.2 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.2 | 10.2 | 9.9 | 9.8 | 9.7 | 9.7 | 9.5 | 9.3 | -0.8 |
| 11 | - Intermediate consumption | 5.8 | 5.8 | 5.8 | 5.7 | 5.6 | 5.7 | 5.5 | 5.5 | -0.3 |
| 12 | - Social payments | 17.2 | 17.2 | 17.5 | 17.2 | 16.9 | 16.8 | 16.4 | 16.0 | -1.2 |
| 13 | - Subsidies | 2.3 | 2.3 | 2.7 | 3.0 | 1.9 | 1.8 | 1.8 | 1.6 | -0.6 |
| 14 | - Gross fixed capital formation | 4.6 | 4.6 | 4.9 | 4.7 | 4.4 | 4.3 | 4.3 | 4.1 | -0.5 |
| 15 | - Other (residual) | 3.4 | 3.4 | 2.7 | 2.6 | 2.8 | 2.6 | 2.7 | 2.7 | -0.8 |
| 16 | - Interest expenditure | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 0.2 |
| 17=6-7 | Expenditure financed by RRF grants | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.4 | 0.0 |
| 18=1-8 | General government balance (% of GDP) | -3.6 | -3.6 | -3.5 | -3.6 | -2.9 | -3.0 | -2.4 | -2.2 | 1.4 |
| 19=1-9 | Primary balance | -2.5 | -2.5 | -2.3 | -2.3 | -1.7 | -1.6 | -1.2 | -0.8 | 1.7 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -3.6 | -3.2 | -2.9 | -2.7 | -2.5 | -2.4 | -2.3 | -2.2 | 1.5 |
| 21=20+16 | Cyclically adjusted primary balance | -2.5 | -2.1 | -1.7 | -1.4 | -1.3 | -1.1 | -1.0 | -0.8 | 1.7 |
| 22 | One-off measures (% of GDP) | -0.9 | 0.0 | -1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 |
| 23=20-22 | Structural balance (% of potential GDP) | -2.8 | -3.2 | -1.6 | -2.7 | -2.6 | -2.4 | -2.3 | -2.2 | 0.6 |
| 24=23+16 | Structural primary balance | -1.6 | -2.1 | -0.4 | -1.4 | -1.3 | -1.1 | -1.1 | -0.8 | 0.8 |

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 3.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | CP | COM | CP | COM | CP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 1.3 | 1.1 | 0.5 | -0.9 | 0.3 |
| 2 | Change in the structural primary balance | na. | 1.7 | 1.2 | 0.7 | -0.9 | 0.3 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -0.1 | | 1.4 | | 1.9 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | -0.1 | | -0.4 | | 0.3 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.1 | | 1.8 | | 1.6 | |
| 6 | - Nationally financed net primary current expenditure | 0.3 | | 1.2 | | 1.5 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | 0.5 | | 0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.4 | | 0.1 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.6 | | 0.6 | | -1.3 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.2 | | -0.1 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.3 | | -0.1 | | -0.1 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.9 | | -0.1 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -2.7 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.75 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 2.0 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 6.0 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 3.0 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 3.0 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 3.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1 | Gross debt ratio¹ (% of GDP) | 35.2 | 44.1 | 44.1 | 43.5 | 42.9 | 44.0 | 43.1 | 44.4 | 45.0 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 1.1 | 2.1 | 2.1 | -0.6 | -1.2 | 0.5 | 0.2 | 0.5 | 0.5 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 0.9 | 2.5 | 2.5 | 2.3 | 2.3 | 1.7 | 1.6 | 1.2 | 0.8 |
| 4=5+6+7 | 'Snow-ball' effect | -0.9 | -3.1 | -3.1 | -2.8 | -3.2 | -1.5 | -2.0 | -1.1 | -0.6 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.7 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 |
| 6 | - Growth effect | -0.7 | -0.9 | -0.9 | -0.1 | -0.1 | -1.2 | -1.0 | -1.2 | -1.1 |
| 7 | - Inflation effect | -1.0 | -3.2 | -3.2 | -4.0 | -4.5 | -1.5 | -2.2 | -1.2 | -0.9 |
| 8 | 'Stock-flow' adjustment | 1.1 | 2.7 | 2.7 | -0.2 | -0.3 | 0.4 | 0.5 | 0.4 | 0.4 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 3.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.2 | 0.4 | 0.4 | 0.5 | 0.5 | 0.4 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.4 | 0.0 | 0.3 | na. | na. | na. |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. |
| 2 | Intermediate consumption | na. |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.2 | 0.3 | 0.2 | 0.4 | 0.4 | 0.3 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.2 | 0.3 | 0.2 | 0.4 | 0.4 | 0.3 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

4. DENMARK

Table 4.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | 2023 | 2024 |
|---------|--|------------|------------|------------|
| | | COM | | |
| 1=6+7+8 | Real GDP (% change) | 3.8 | 0.3 | 1.5 |
| 2 | Private consumption | -2.3 | 0.1 | 1.3 |
| 3 | Gross fixed capital formation | 8.6 | -3.5 | -0.3 |
| 4 | Exports of goods and services | 8.6 | 1.1 | 1.4 |
| 5 | Imports of goods and services | 4.2 | -1.0 | 0.6 |
| | Contributions to real GDP growth (pps.) | | | |
| 6 | - Final domestic demand | 0.1 | -0.8 | 0.8 |
| 7 | - Change in inventories | 0.8 | -0.2 | 0.2 |
| 8 | - Net exports | 2.9 | 1.3 | 0.6 |
| 9 | Output gap (% of potential GDP) | 0.3 | -1.2 | -1.3 |
| 10 | Employment (% change) | 3.9 | -0.3 | -0.2 |
| 11 | Unemployment rate (%) | 4.5 | 5.0 | 5.1 |
| 12 | Labour productivity (% change) | 0.0 | 0.7 | 1.7 |
| 13 | HICP inflation (% change) | 8.5 | 4.3 | 2.5 |
| 14 | GDP deflator | 7.6 | 0.2 | 2.1 |
| 15 | Comp. of employees (per head, % change) | 2.9 | 4.9 | 5.3 |
| 16 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 13.3 | 10.9 | 10.9 |

Source: Commission 2023 spring forecast (COM).

Table 4.2: General government budgetary position

| # | Variables | 2022 | 2023 | 2024 |
|-----------|---|-------------|-------------|-------------|
| | | COM | | |
| 1=2+3+4+5 | Revenue (% of GDP) | 48.6 | 49.0 | 48.1 |
| | <i>of which:</i> | | | |
| 2 | - Taxes on production and imports | 14.4 | 14.4 | 13.9 |
| 3 | - Current taxes on income, wealth, etc. | 27.7 | 28.1 | 27.7 |
| 4 | - Social contributions | 0.7 | 0.7 | 0.7 |
| 5 | - Other (residual) | 5.8 | 5.8 | 5.9 |
| 6 | RRF grants as included in the revenue projections | 0.2 | 0.0 | 0.0 |
| 7 | Revenue reductions financed by RRF grants | 0.1 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 45.3 | 46.7 | 46.8 |
| | <i>of which:</i> | | | |
| 9 | - Primary expenditure | 44.5 | 46.1 | 46.3 |
| | <i>of which:</i> | | | |
| 10 | - Compensation of employees | 13.7 | 14.5 | 14.7 |
| 11 | - Intermediate consumption | 8.0 | 8.1 | 8.0 |
| 12 | - Social payments | 15.1 | 15.4 | 15.3 |
| 13 | - Subsidies | 1.4 | 1.4 | 1.4 |
| 14 | - Gross fixed capital formation | 3.1 | 3.3 | 3.2 |
| 15 | - Other (residual) | 3.3 | 3.5 | 3.6 |
| 16 | - Interest expenditure | 0.7 | 0.6 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.0 | 0.0 |
| 18=1-8 | General government balance (% of GDP) | 3.3 | 2.3 | 1.3 |
| 19=1-9 | Primary balance | 4.1 | 2.9 | 1.8 |
| 20 | Cyclically adjusted balance (% of potential GDP) | 3.1 | 3.0 | 2.1 |
| 21=20+16 | Cyclically adjusted primary balance | 3.9 | 3.6 | 2.6 |
| 22 | One-off measures (% of GDP) | 0.0 | -0.5 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | 3.1 | 3.5 | 2.1 |
| 24=23+16 | Structural primary balance | 3.9 | 4.1 | 2.6 |

Source: Commission 2023 spring forecast (COM).

Table 4.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | 2023 | 2024 |
|--|---|------|------|------|
| | | COM | | |
| Balance-based structural fiscal indicators | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | -1.3 | 0.4 | -1.4 |
| 2 | Change in the structural primary balance | -1.1 | 0.2 | -1.5 |
| Net expenditure-based structural fiscal indicators | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.6 | -0.4 | -0.5 |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | 0.0 | 0.0 |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 0.7 | -0.4 | -0.4 |
| 6 | - Nationally financed net primary current expenditure | 0.7 | -0.6 | 0.3 |
| 7 | - Nationally financed gross fixed capital formation | 0.2 | -0.1 | 0.0 |
| 8 | - Nationally financed other capital expenditure | -0.3 | 0.2 | -0.7 |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.1 | 0.2 | -0.3 |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.1 | 0.0 | -0.1 |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.0 | 0.0 | 0.0 |
| p.m.: Pandemic-related measures (% of GDP) | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -4.0 | n.a. | 0.0 |
| Background structural fiscal indicators | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | 3.5 |
| 14 | Medium-term budgetary objective (MTO) | | | -0.5 |
| 15 | <i>At or above MTO at the start of the year?</i> | | | Yes |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | n.a. |
| Setting the recommended fiscal adjustment for 2024 | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | n.a. |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | n.a. |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | 4.6 |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | n.a. |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM).

Table 4.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | 2023 | 2024 |
|---------|--|----------------------|-------------|-------------|-------------|
| | | | COM | | |
| 1 | Gross debt ratio¹ (% of GDP) | 36.5 | 30.1 | 30.1 | 28.8 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -0.1 | -6.6 | 0.1 | -1.4 |
| | Contributions ² : | | | | |
| 3 | Primary balance | -2.8 | -4.1 | -2.9 | -1.8 |
| 4=5+6+7 | 'Snow-ball' effect | -0.6 | -3.1 | 0.4 | -0.5 |
| | <i>of which:</i> | | | | |
| 5 | - Interest expenditure | 0.7 | 0.7 | 0.6 | 0.5 |
| 6 | - Growth effect | -0.7 | -1.3 | -0.1 | -0.4 |
| 7 | - Inflation effect | -0.6 | -2.5 | -0.1 | -0.6 |
| 8 | 'Stock-flow' adjustment | 3.3 | 0.6 | 2.5 | 1.0 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM).

5. GERMANY

Table 5.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 1.8 | 1.8 | 0.2 | 0.2 | 1.8 | 1.4 | 0.9 | 0.9 | 0.9 |
| 2 | Private consumption | 4.3 | 4.3 | -0.2 | 0.0 | 1.6 | 1.8 | 0.9 | 0.9 | 0.9 |
| 3 | Gross fixed capital formation | 0.4 | 0.4 | 0.0 | -0.7 | 2.8 | 2.0 | 1.4 | 1.4 | 1.4 |
| 4 | Exports of goods and services | 2.9 | 2.9 | 2.2 | 1.5 | 3.3 | 3.1 | 3.2 | 3.2 | 3.2 |
| 5 | Imports of goods and services | 6.0 | 6.0 | 1.6 | 0.4 | 3.2 | 3.4 | 3.4 | 3.4 | 3.4 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 2.6 | 2.5 | -0.2 | -0.2 | 1.6 | 1.7 | 0.9 | 0.9 | 0.9 |
| 7 | - Change in inventories | 0.4 | 0.4 | 0.0 | -0.1 | 0.0 | -0.3 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -1.2 | -1.1 | 0.4 | 0.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | -0.3 | -0.2 | -1.1 | -0.6 | -0.3 | -0.3 | -0.2 | -0.1 | 0.0 |
| 10 | Output gap, as recalculated ¹ | -0.2 | | -0.7 | | -0.1 | | -0.1 | -0.1 | 0.0 |
| 11 | Employment (% change) | 1.3 | 1.3 | 0.3 | 0.6 | 0.2 | 0.2 | -0.2 | -0.2 | -0.2 |
| 12 | Unemployment rate (%) | 2.8 | 3.1 | 2.8 | 3.2 | 2.7 | 3.1 | 3.1 | 3.3 | 3.5 |
| 13 | Labour productivity (% change) | 0.5 | 0.5 | -0.2 | -0.4 | 1.5 | 1.2 | 1.1 | 1.1 | 1.1 |
| 14 | HICP inflation (% change) | na. | 8.7 | na. | 6.8 | na. | 2.7 | na. | na. | na. |
| 15 | GDP deflator | 5.5 | 5.5 | 5.9 | 6.1 | 2.7 | 2.4 | 2.0 | 2.0 | 2.0 |
| 16 | Comp. of employees (per head, % change) | 4.2 | 4.2 | 5.1 | 5.5 | 4.7 | 5.3 | 3.1 | 3.1 | 3.2 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 3.4 | 3.4 | 4.9 | 5.2 | 5.3 | 5.1 | 5.2 | 5.0 | 4.9 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 5.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 47.1 | 47.1 | 45 ¾ | 46.0 | 46 | 46.5 | 46 ½ | 46 ¾ | - ½ |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 10.9 | 10.9 | 10 ¾ | 10.7 | 10 ¾ | 10.9 | 10 ¾ | 11 | 0 |
| 3 | - Current taxes on income, wealth, etc. | 13.6 | 13.6 | 13 | 13.0 | 13 | 12.9 | 13 ¼ | 13 ½ | - ¼ |
| 4 | - Social contributions | 17.2 | 17.2 | 17 ¼ | 17.1 | 17 ½ | 17.4 | 17 ½ | 17 ½ | ½ |
| 5 | - Other (residual) | 5.3 | 5.3 | 5 | 5.2 | 5 | 5.3 | 5 | 4 ¾ | - ½ |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | -0.1 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 49.7 | 49.7 | 50 | 48.3 | 47 ¾ | 47.7 | 47 ¼ | 47 ¼ | -2 ½ |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 49.0 | 49.0 | 49 ¼ | 47.5 | 46 ¾ | 46.8 | 46 ¼ | 46 | -3 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 7.9 | 7.9 | 7 ¾ | 7.8 | 7 ¾ | 7.9 | 7 ¾ | 7 ¾ | - ¼ |
| 11 | - Intermediate consumption | 6.1 | 6.1 | 5 ¾ | 5.7 | 5 ¾ | 5.7 | 5 ½ | 5 ¼ | - ¾ |
| 12 | - Social payments | 25.2 | 25.2 | 24 ¾ | 24.8 | 24 ¾ | 24.9 | 25 | 25 ¼ | 0 |
| 13 | - Subsidies | 1.9 | 1.9 | 3 ¾ | 2.2 | 1 ¾ | 1.3 | 1 ½ | 1 ¼ | - ½ |
| 14 | - Gross fixed capital formation | 2.6 | 2.6 | 2 ½ | 2.7 | 2 ½ | 2.9 | 2 ¾ | 2 ¾ | 0 |
| 15 | - Other (residual) | 5.3 | 5.3 | 4 ¾ | 4.2 | 4 ¼ | 4.1 | 4 | 4 | -1 ¼ |
| 16 | - Interest expenditure | 0.7 | 0.7 | ¾ | 0.8 | 1 | 0.9 | 1 | 1 ¼ | ½ |
| 17=6-7 | Expenditure financed by RRF grants | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | -0.1 |
| 18=1-8 | General government balance (% of GDP) | -2.6 | -2.6 | -4 ¼ | -2.3 | -1 ¾ | -1.2 | -¾ | -¾ | 2 |
| 19=1-9 | Primary balance | -1.9 | -1.9 | -3 ½ | -1.5 | -¾ | -0.3 | ¼ | ½ | 2 ½ |
| 20 | Cyclically adjusted balance (% of potential GDP) | -2.4 | -2.5 | -3 ½ | -2.0 | -1 ½ | -1.0 | -¾ | -¾ | 1 ¾ |
| 21=20+16 | Cyclically adjusted primary balance | -1.8 | -1.8 | -2 ¾ | -1.2 | -½ | -0.1 | ½ | ½ | 2 ½ |
| 22 | One-off measures (% of GDP) | -0.7 | -0.2 | -¼ | 0.0 | 0 | 0.0 | 0 | 0 | ¾ |
| 23=20-22 | Structural balance (% of potential GDP) | -1.8 | -2.3 | -3 ¼ | -2.0 | -1 ½ | -1.0 | -¾ | -¾ | 1 |
| 24=23+16 | Structural primary balance | -1.1 | -1.6 | -2 ½ | -1.2 | -½ | -0.1 | ¼ | ½ | 1 ¾ |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 5.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.6 | -1 ½ | 0.3 | 1 ¼ | 0.9 |
| 2 | Change in the structural primary balance | na. | 0.7 | -1 ½ | 0.4 | 2 | 1.0 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -2.7 | | 0.5 | | 0.4 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | 0.0 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -2.8 | | 0.5 | | 0.4 | |
| 6 | - Nationally financed net primary current expenditure | -2.4 | | 0.3 | | 0.6 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | 0.0 | | -0.2 | |
| 8 | - Nationally financed other capital expenditure | -0.4 | | 0.3 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.2 | | 0.7 | | -1.6 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.3 | | 0.2 | | -0.3 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | -0.1 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -3.4 | | -0.8 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -2.0 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 1.5 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 2.5 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 2.4 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 0.1 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 5.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 64.7 | 66.3 | 66.3 | 67 ¾ | 65.2 | 66 ½ | 64.1 | 66 ¼ | 65 ½ |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 0.1 | -3.0 | -3.0 | 1 ½ | -1.0 | -1 ¼ | -1.2 | - ½ | - ¾ |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.1 | 1.9 | 1.9 | 3 ½ | 1.5 | ¾ | 0.3 | - ¼ | - ½ |
| 4=5+6+7 | 'Snow-ball' effect | -1.0 | na. | -4.1 | na. | -3.1 | na. | -1.5 | na. | na. |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.8 | 0.7 | 0.7 | ¾ | 0.8 | 1 | 0.9 | 1 | 1 ¼ |
| 6 | - Growth effect | -0.5 | na. | -1.2 | na. | -0.1 | na. | -0.9 | na. | na. |
| 7 | - Inflation effect | -1.3 | na. | -3.5 | na. | -3.8 | na. | -1.5 | na. | na. |
| 8 | 'Stock-flow' adjustment | 1.2 | -5.6 | -0.8 | -2 ¾ | 0.6 | -2 ¾ | 0.0 | -1 ¼ | -1 ½ |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 5.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.1 | 0.0 | 0.3 | 0.1 | 0.1 | 0.1 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. |
| 2 | Intermediate consumption | na. |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

6. ESTONIA

Table 6.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|-------|--------------|------|-------------|------|-------------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | -1.3 | -1.3 | -1.5 | -0.4 | 3.0 | 3.1 | 2.5 | 2.3 | 2.0 |
| 2 | Private consumption | 2.6 | 2.3 | -1.1 | 0.3 | 2.4 | 4.2 | 1.5 | 2.4 | 1.8 |
| 3 | Gross fixed capital formation | -10.9 | -10.9 | 5.7 | 1.8 | 3.8 | 4.2 | 3.4 | 1.5 | 1.4 |
| 4 | Exports of goods and services | 5.0 | 5.0 | -1.0 | 0.9 | 3.2 | 2.8 | 3.6 | 3.2 | 3.0 |
| 5 | Imports of goods and services | 5.8 | 5.8 | -1.4 | 1.8 | 1.9 | 3.2 | 3.0 | 2.5 | 2.4 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 1.3 | -2.1 | -1.9 | 1.4 | 1.8 | 3.3 | 1.9 | 1.7 | 1.4 |
| 7 | - Change in inventories | na. | 3.2 | na. | -1.0 | na. | 0.1 | na. | na. | na. |
| 8 | - Net exports | -0.9 | -0.7 | 0.4 | -0.8 | 1.1 | -0.3 | 0.5 | 0.6 | 0.6 |
| 9 | Output gap, as planned (% of potential GDP) | -0.9 | -1.9 | -4.9 | -4.0 | -3.4 | -2.8 | -2.1 | -1.1 | -0.5 |
| 10 | Output gap, as recalculated ¹ | -1.6 | -1.9 | -4.2 | -4.0 | -2.8 | -2.8 | -1.6 | -0.4 | 0.6 |
| 11 | Employment (% change) | 4.1 | 4.6 | 0.3 | 0.2 | 0.6 | 0.4 | 0.3 | 0.0 | 0.0 |
| 12 | Unemployment rate (%) | 5.6 | 5.6 | 7.4 | 6.2 | 7.2 | 6.1 | 6.9 | 6.6 | 6.5 |
| 13 | Labour productivity (% change) | -5.2 | -5.6 | -1.8 | -0.6 | 2.4 | 2.7 | 2.2 | 2.2 | 2.0 |
| 14 | HICP inflation (% change) | 19.4 | 19.4 | 9.3 | 9.2 | 3.1 | 2.8 | 2.2 | 1.4 | 2.0 |
| 15 | GDP deflator | 16.6 | 16.6 | 7.6 | 10.3 | 2.6 | 3.6 | 2.1 | 1.9 | 2.0 |
| 16 | Comp. of employees (per head, % change) | 8.9 | 8.3 | 9.0 | 10.3 | 5.7 | 4.8 | 4.1 | 4.3 | 4.2 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -1.7 | -0.2 | -0.3 | 0.6 | 0.6 | 1.0 | 1.0 | 1.5 | 1.9 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 6.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | Change: 2022-2027 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 38.5 | 38.5 | 38.6 | 38.4 | 37.7 | 37.6 | 37.6 | 36.9 | 36.3 | -2.2 |
| | <i>of which:</i> | | | | | | | | | | |
| 2 | - Taxes on production and imports | 13.2 | 13.2 | 13.5 | 13.3 | 13.3 | 13.3 | 13.1 | 12.8 | 12.7 | -0.5 |
| 3 | - Current taxes on income, wealth, etc. | 7.9 | 7.9 | 7.7 | 7.4 | 7.4 | 7.2 | 7.4 | 7.5 | 7.5 | -0.4 |
| 4 | - Social contributions | 11.7 | 11.7 | 12.0 | 11.6 | 12.0 | 11.5 | 12.0 | 12.0 | 12.0 | 0.3 |
| 5 | - Other (residual) | 5.7 | 5.7 | 5.4 | 6.1 | 5.0 | 5.6 | 5.1 | 4.6 | 4.1 | -1.6 |
| 6 | RRF grants as included in the revenue projections | 0.4 | 0.1 | 0.5 | 0.7 | 0.7 | 0.7 | 0.5 | 0.2 | na. | na. |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 39.4 | 39.4 | 42.9 | 41.5 | 41.9 | 40.3 | 41.6 | 41.4 | 40.6 | 1.2 |
| | <i>of which:</i> | | | | | | | | | | |
| 9 | - Primary expenditure | 39.3 | 39.4 | 42.4 | 41.0 | 41.3 | 39.7 | 40.9 | 40.5 | 39.6 | 0.3 |
| | <i>of which:</i> | | | | | | | | | | |
| 10 | - Compensation of employees | 10.4 | 10.4 | 11.4 | 11.0 | 11.1 | 10.8 | 11.0 | 10.9 | 10.6 | 0.2 |
| 11 | - Intermediate consumption | 6.4 | 6.4 | 7.0 | 6.8 | 7.1 | 6.3 | 6.7 | 6.3 | 5.9 | -0.5 |
| 12 | - Social payments | 13.8 | 13.8 | 14.8 | 14.4 | 15.0 | 14.6 | 15.3 | 15.5 | 15.7 | 1.9 |
| 13 | - Subsidies | 0.7 | 0.7 | 0.8 | 0.8 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | -0.3 |
| 14 | - Gross fixed capital formation | 5.2 | 5.2 | 5.5 | 5.0 | 5.3 | 4.8 | 5.1 | 5.3 | 4.9 | -0.3 |
| 15 | - Other (residual) | 2.8 | 2.8 | 2.9 | 3.0 | 2.3 | 2.7 | 2.4 | 2.1 | 2.1 | -0.7 |
| 16 | - Interest expenditure | 0.1 | 0.1 | 0.5 | 0.4 | 0.6 | 0.6 | 0.7 | 0.9 | 1.0 | 0.9 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.1 | 0.5 | 0.5 | 0.7 | 0.7 | 0.5 | 0.1 | na. | na. |
| 18=1-8 | General government balance (% of GDP) | -0.9 | -0.9 | -4.3 | -3.1 | -4.2 | -2.7 | -4.0 | -4.5 | -4.2 | -3.3 |
| 19=1-9 | Primary balance | -0.8 | -0.8 | -3.9 | -2.7 | -3.6 | -2.1 | -3.3 | -3.6 | -3.2 | -2.4 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -0.5 | 0.0 | -2.0 | -1.2 | -2.6 | -1.3 | -3.0 | -3.9 | -4.0 | -3.5 |
| 21=20+16 | Cyclically adjusted primary balance | -0.4 | 0.1 | -1.5 | -0.7 | -2.0 | -0.7 | -2.3 | -3.1 | -3.0 | -2.6 |
| 22 | One-off measures (% of GDP) | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.7 | -0.2 | -2.0 | -1.2 | -2.6 | -1.3 | -3.0 | -3.9 | -4.0 | -3.3 |
| 24=23+16 | Structural primary balance | -0.6 | -0.1 | -1.5 | -0.7 | -2.0 | -0.7 | -2.3 | -3.0 | -3.0 | -2.4 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 6.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|------|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 4.1 | -1.3 | -1.0 | -0.6 | -0.2 |
| 2 | Change in the structural primary balance | na. | 4.2 | -0.9 | -0.6 | -0.5 | 0.0 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 1.3 | | -0.8 | | 0.9 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.2 | | -0.3 | | 0.2 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 1.0 | | -0.5 | | 0.6 | |
| 6 | - Nationally financed net primary current expenditure | 0.8 | | -1.2 | | 0.4 | |
| 7 | - Nationally financed gross fixed capital formation | 0.6 | | 0.3 | | 0.0 | |
| 8 | - Nationally financed other capital expenditure | -0.4 | | 0.3 | | 0.3 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.7 | | -0.6 | | -0.3 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.1 | | -0.1 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.6 | | 0.1 | | -0.1 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.3 | | na. | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -1.2 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 0.7 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 4.9 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 4.5 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 0.5 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 6.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 12.4 | 18.4 | 18.4 | 20.2 | 19.5 | 23.6 | 21.3 | 27.1 | 30.4 | 33.0 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 1.5 | 0.8 | 0.8 | 1.8 | 1.1 | 3.4 | 1.7 | 3.5 | 3.3 | 2.6 |
| | Contributions ² : | | | | | | | | | | |
| 3 | Primary balance | 1.7 | 0.8 | 0.8 | 3.9 | 2.7 | 3.6 | 2.1 | 3.3 | 3.6 | 3.2 |
| 4=5+6+7 | 'Snow-ball' effect | -0.8 | -2.2 | -2.2 | -0.6 | -1.2 | -0.5 | -0.7 | -0.4 | -0.2 | -0.2 |
| | <i>of which:</i> | | | | | | | | | | |
| 5 | - Interest expenditure | 0.0 | 0.1 | 0.1 | 0.5 | 0.4 | 0.6 | 0.6 | 0.7 | 0.9 | 1.0 |
| 6 | - Growth effect | -0.5 | 0.2 | 0.2 | 0.3 | 0.1 | -0.6 | -0.6 | -0.6 | -0.6 | -0.6 |
| 7 | - Inflation effect | -0.4 | -2.5 | -2.5 | -1.3 | -1.7 | -0.5 | -0.7 | -0.5 | -0.5 | -0.6 |
| 8 | 'Stock-flow' adjustment | 0.6 | 2.2 | 2.2 | -1.5 | -0.3 | 0.3 | 0.3 | 0.6 | -0.1 | -0.5 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 6.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | n.a. | 0.0 | 0.4 | 0.5 | 0.7 | 0.5 | 0.2 |
| 2 | Cash disbursements of RRF grants from EU | n.a. | 0.4 | 0.0 | 1.0 | 0.3 | 0.3 | 0.3 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | n.a. | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |
| 8 | Gross fixed capital formation | n.a. | 0.0 | 0.0 | 0.2 | 0.2 | 0.1 | 0.0 |
| 9 | Capital transfers | n.a. | 0.0 | 0.0 | 0.2 | 0.4 | 0.3 | 0.1 |
| 10=8+9 | Total capital expenditure | n.a. | 0.0 | 0.1 | 0.4 | 0.6 | 0.4 | 0.1 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. | n.a. | 0.3 | n.a. | n.a. | n.a. | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

7. IRELAND

Table 7.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | 2028 |
|---------|--|------|-------------|------|------------|------|-------------|------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 12.0 | 12.0 | 5.6 | 5.5 | 4.1 | 5.0 | 4.9 | 4.4 | 3.8 | 3.8 |
| 2 | Private consumption | 6.6 | 6.6 | 3.9 | 4.1 | 3.8 | 3.9 | 3.4 | 3.4 | 3.1 | 2.9 |
| 3 | Gross fixed capital formation | 25.9 | 25.9 | 2.4 | 1.8 | 3.3 | 2.8 | 3.8 | 4.4 | 4.5 | 4.4 |
| 4 | Exports of goods and services | 15.0 | 15.0 | 7.8 | 6.7 | 4.9 | 5.5 | 5.4 | 4.7 | 4.0 | 4.0 |
| 5 | Imports of goods and services | 19.0 | 19.0 | 6.4 | 5.5 | 4.3 | 4.5 | 4.4 | 4.1 | 3.5 | 3.5 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | | |
| 6 | - Final domestic demand | 7.8 | 7.8 | 1.7 | 1.4 | 1.8 | 1.6 | 2.0 | 2.0 | 1.9 | 1.9 |
| 7 | - Change in inventories | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | 2.1 | 2.1 | 4.3 | 3.7 | 2.6 | 3.1 | 3.2 | 2.6 | 2.1 | 2.1 |
| 9 | Output gap, as planned (% of potential GDP) | 3.0 | 4.6 | 2.3 | 3.3 | 0.9 | 2.3 | 0.6 | 0.3 | na. | na. |
| 10 | Output gap, as recalculated ¹ | 4.6 | | 3.4 | | 1.4 | | 0.9 | 0.5 | 0.0 | -0.2 |
| 11 | Employment (% change) | 6.6 | 6.6 | 1.6 | 2.4 | 1.4 | 0.9 | 1.5 | 1.6 | 1.0 | 0.6 |
| 12 | Unemployment rate (%) | 4.5 | 4.5 | 4.4 | 4.3 | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 | 4.7 |
| 13 | Labour productivity (% change) | 5.0 | 5.0 | 4.0 | 3.0 | 2.7 | 4.0 | 3.4 | 2.8 | 2.8 | 3.2 |
| 14 | HICP inflation (% change) | 8.1 | 8.1 | 4.9 | 4.6 | 2.5 | 2.6 | 2.0 | 2.0 | 2.0 | 2.0 |
| 15 | GDP deflator | 5.3 | 5.3 | 4.0 | 4.6 | 2.3 | 2.5 | 2.2 | 2.2 | 2.1 | 2.0 |
| 16 | Comp. of employees (per head, % change) | 4.2 | 4.2 | 5.6 | 5.6 | 5.0 | 5.8 | 4.8 | 4.3 | 3.9 | 3.7 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 8.8 | 7.2 | 11.1 | 9.4 | 11.6 | 10.0 | 12.3 | 12.5 | 12.5 | 12.5 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 7.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 23.0 | 23.0 | 22.4 | 22.1 | 22.0 | 21.6 | 21.4 | 21.2 | -1.8 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 6.3 | 6.3 | 6.0 | 6.1 | 6.1 | 6.0 | 6.0 | 5.9 | -0.4 |
| 3 | - Current taxes on income, wealth, etc. | 11.3 | 11.3 | 11.0 | 10.7 | 10.8 | 10.4 | 10.5 | 10.5 | -0.8 |
| 4 | - Social contributions | 3.9 | 3.9 | 3.8 | 3.9 | 3.9 | 3.8 | 3.8 | 3.7 | -0.2 |
| 5 | - Other (residual) | 1.5 | 1.5 | 1.5 | 1.4 | 1.2 | 1.3 | 1.1 | 1.1 | -0.4 |
| 6 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 21.4 | 21.4 | 20.6 | 20.4 | 19.2 | 19.4 | 18.6 | 18.1 | -3.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 20.7 | 20.7 | 19.9 | 19.8 | 18.6 | 18.8 | 18.0 | 17.6 | -3.2 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 5.7 | 5.7 | 5.4 | 5.5 | 5.2 | 5.2 | 5.1 | 5.0 | -0.8 |
| 11 | - Intermediate consumption | 3.6 | 3.6 | 3.3 | 3.3 | 3.1 | 3.1 | 2.9 | 2.9 | -0.7 |
| 12 | - Social payments | 7.4 | 7.4 | 7.0 | 7.1 | 6.5 | 6.7 | 6.3 | 6.1 | -1.3 |
| 13 | - Subsidies | 0.7 | 0.7 | 0.5 | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 | -0.3 |
| 14 | - Gross fixed capital formation | 2.0 | 2.0 | 2.0 | 2.0 | 2.1 | 2.0 | 2.1 | 2.1 | 0.1 |
| 15 | - Other (residual) | 1.4 | 1.4 | 1.7 | 1.5 | 1.3 | 1.4 | 1.3 | 1.2 | -0.2 |
| 16 | - Interest expenditure | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | -0.1 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 18=1-8 | General government balance (% of GDP) | 1.6 | 1.6 | 1.8 | 1.7 | 2.8 | 2.2 | 2.9 | 3.1 | 1.5 |
| 19=1-9 | Primary balance | 2.3 | 2.2 | 2.4 | 2.3 | 3.3 | 2.8 | 3.4 | 3.6 | 1.4 |
| 20 | Cyclically adjusted balance (% of potential GDP) | 0.0 | -0.8 | 0.6 | -0.1 | 2.3 | 1.0 | 2.6 | 3.0 | 2.9 |
| 21=20+16 | Cyclically adjusted primary balance | 0.7 | -0.1 | 1.2 | 0.5 | 2.9 | 1.6 | 3.1 | 3.5 | 2.8 |
| 22 | One-off measures (% of GDP) | 0.4 | 0.0 | 1.0 | 0.0 | 1.9 | 0.0 | 1.8 | 1.8 | 1.4 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.4 | -0.8 | -0.4 | -0.1 | 0.4 | 1.0 | 0.8 | 1.1 | 1.5 |
| 24=23+16 | Structural primary balance | 0.3 | -0.1 | 0.3 | 0.5 | 1.0 | 1.6 | 1.3 | 1.6 | 1.3 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 7.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.9 | 0.0 | 0.7 | 0.7 | 1.1 |
| 2 | Change in the structural primary balance | na. | 0.8 | 0.0 | 0.7 | 0.7 | 1.1 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -0.2 | | 0.2 | | 1.4 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | 0.0 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.3 | | 0.2 | | 1.4 | |
| 6 | - Nationally financed net primary current expenditure | -0.2 | | 0.3 | | 1.3 | |
| 7 | - Nationally financed gross fixed capital formation | -0.1 | | 0.0 | | 0.1 | |
| 8 | - Nationally financed other capital expenditure | 0.0 | | -0.1 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.5 | | -0.1 | | -0.3 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.2 | | -0.1 | | -0.1 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.1 | | -0.1 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.1 | | -0.7 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -0.1 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | Yes | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | na. | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | na. | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | na. | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 1.9 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | na. | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 7.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 60.3 | 44.7 | 44.7 | 40.5 | 40.4 | 38.2 | 38.3 | 35.0 | 32.0 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -3.8 | -10.7 | -10.7 | -4.2 | -4.3 | -2.3 | -2.2 | -3.2 | -3.0 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.1 | -2.3 | -2.2 | -2.4 | -2.3 | -3.3 | -2.8 | -3.4 | -3.6 |
| 4=5+6+7 | 'Snow-ball' effect | -4.3 | -7.8 | -7.8 | -3.4 | -3.6 | -1.9 | -2.3 | -2.0 | -1.7 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.3 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| 6 | - Growth effect | -5.0 | -5.6 | -5.6 | -2.3 | -2.2 | -1.6 | -1.9 | -1.7 | -1.4 |
| 7 | - Inflation effect | -0.6 | -2.5 | -2.5 | -1.6 | -1.9 | -0.9 | -0.9 | -0.8 | -0.7 |
| 8 | 'Stock-flow' adjustment | 0.6 | -0.7 | -0.7 | 1.6 | 1.6 | 2.9 | 2.9 | 2.2 | 2.3 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 7.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

8. GREECE

Table 8.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|-------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 5.9 | 5.9 | 2.3 | 2.4 | 3.0 | 1.9 | 3.0 | 2.1 |
| 2 | Private consumption | 7.8 | 7.8 | 1.2 | 1.6 | 2.0 | 1.4 | 2.0 | 1.3 |
| 3 | Gross fixed capital formation | 11.7 | 11.7 | 13.2 | 7.2 | 9.7 | 6.0 | 10.7 | 7.2 |
| 4 | Exports of goods and services | 4.9 | 4.9 | 2.3 | 6.5 | 6.2 | 5.2 | 5.3 | 4.5 |
| 5 | Imports of goods and services | 10.2 | 10.2 | 2.6 | 4.7 | 4.4 | 3.8 | 4.8 | 3.8 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 6.5 | 6.5 | 2.6 | 2.1 | 2.6 | 1.6 | 3.1 | 2.2 |
| 7 | - Change in inventories | 1.9 | 2.4 | 0.0 | -0.1 | 0.0 | -0.1 | 0.0 | 0.0 |
| 8 | - Net exports | -2.6 | -3.0 | -0.3 | 0.5 | 0.3 | 0.4 | -0.2 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | -1.8 | | -0.2 | | 1.7 | | 3.7 | 4.8 |
| 10 | Output gap, as recalculated ¹ | 3.4 | -1.1 | -0.6 | 0.3 | 0.1 | 0.8 | 0.4 | -0.4 |
| 11 | Employment (% change) | 3.8 | 3.8 | 0.9 | 0.8 | 1.0 | 0.7 | 0.9 | 0.2 |
| 12 | Unemployment rate (%) | -15.5 | 12.5 | -5.4 | 12.2 | -7.2 | 11.8 | -8.0 | -2.8 |
| 13 | Labour productivity (% change) | 2.0 | 2.0 | 1.3 | 1.6 | 2.0 | 1.2 | 2.1 | 1.9 |
| 14 | HICP inflation (% change) | 9.3 | 9.3 | 4.5 | 4.2 | 2.4 | 2.4 | 2.0 | 2.0 |
| 15 | GDP deflator | 8.1 | 8.1 | 4.1 | 4.7 | 1.8 | 2.9 | 2.0 | 2.0 |
| 16 | Comp. of employees (per head, % change) | 0.3 | 0.3 | 3.2 | 3.6 | 3.4 | 2.8 | 2.8 | 2.8 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -8.3 | -9.1 | -7.3 | -6.4 | -6.4 | -4.9 | -5.3 | -5.0 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 8.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 50.2 | 50.2 | 47.1 | 47.7 | 46.5 | 46.5 | 45.9 | 45.1 | -5.1 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 19.1 | 19.1 | 16.9 | 17.1 | 16.4 | 16.5 | 16.1 | 15.8 | -3.3 |
| 3 | - Current taxes on income, wealth, etc. | 9.4 | 9.4 | 9.6 | 9.6 | 9.5 | 9.2 | 9.6 | 9.8 | 0.4 |
| 4 | - Social contributions | 14.0 | 14.0 | 12.6 | 13.1 | 12.3 | 12.7 | 12.0 | 11.8 | -2.2 |
| 5 | - Other (residual) | 7.7 | 7.7 | 8.0 | 7.9 | 8.3 | 8.2 | 8.2 | 7.7 | 0.0 |
| 6 | RRF grants as included in the revenue projections | 0.4 | 0.4 | 1.3 | 1.3 | 1.7 | 1.7 | 1.9 | 1.8 | 1.4 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 52.5 | 52.5 | 48.9 | 49.0 | 47.3 | 47.2 | 46.4 | 45.3 | -7.2 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 50.1 | 50.1 | 45.9 | 45.8 | 44.4 | 44.0 | 43.6 | 42.7 | -7.4 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.9 | 10.9 | 10.5 | 10.4 | 10.3 | 10.2 | 9.9 | 9.6 | -1.3 |
| 11 | - Intermediate consumption | 5.6 | 5.6 | 5.4 | 5.3 | 4.9 | 4.9 | 4.7 | 4.6 | -1.0 |
| 12 | - Social payments | 20.8 | 20.8 | 20.0 | 20.4 | 19.3 | 19.3 | 18.9 | 18.6 | -2.2 |
| 13 | - Subsidies | 5.4 | 5.4 | 2.0 | 3.0 | 1.4 | 2.2 | 1.4 | 1.3 | -4.1 |
| 14 | - Gross fixed capital formation | 3.5 | 3.5 | 4.8 | 3.9 | 5.4 | 4.6 | 5.7 | 5.5 | 2.0 |
| 15 | - Other (residual) | 3.9 | 3.8 | 3.2 | 2.9 | 3.1 | 2.7 | 3.0 | 3.1 | -0.8 |
| 16 | - Interest expenditure | 2.4 | 2.4 | 3.0 | 3.2 | 2.9 | 3.2 | 2.8 | 2.6 | 0.2 |
| 17=6-7 | Expenditure financed by RRF grants | 0.4 | 0.4 | 1.5 | 1.3 | 1.9 | 1.7 | 2.2 | 2.1 | 1.7 |
| 18=1-8 | General government balance (% of GDP) | -2.3 | -2.3 | -1.8 | -1.3 | -0.8 | -0.6 | -0.5 | -0.1 | 2.2 |
| 19=1-9 | Primary balance | 0.1 | 0.1 | 1.1 | 1.9 | 2.1 | 2.5 | 2.3 | 2.5 | 2.4 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -1.4 | -1.7 | -1.7 | -1.5 | -1.7 | -1.0 | -2.4 | -2.6 | -1.2 |
| 21=20+16 | Cyclically adjusted primary balance | 1.0 | 0.7 | 1.3 | 1.7 | 1.2 | 2.1 | 0.4 | 0.0 | -1.0 |
| 22 | One-off measures (% of GDP) | 0.7 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.7 |
| 23=20-22 | Structural balance (% of potential GDP) | -2.1 | -2.2 | -1.7 | -1.5 | -1.7 | -1.0 | -2.4 | -2.6 | -0.5 |
| 24=23+16 | Structural primary balance | 0.3 | 0.2 | 1.3 | 1.7 | 1.2 | 2.1 | 0.4 | 0.0 | -0.3 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 8.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 2.5 | 0.4 | 0.8 | 0.0 | 0.5 |
| 2 | Change in the structural primary balance | na. | 2.4 | 1.0 | 1.6 | -0.1 | 0.4 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -1.0 | | -0.2 | | 0.4 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.2 | | -0.4 | | -0.7 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -1.2 | | 0.3 | | 1.1 | |
| 6 | - Nationally financed net primary current expenditure | -0.6 | | 0.3 | | 1.2 | |
| 7 | - Nationally financed gross fixed capital formation | -0.6 | | 0.0 | | -0.3 | |
| 8 | - Nationally financed other capital expenditure | 0.0 | | -0.1 | | 0.2 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 2.0 | | -2.3 | | -0.2 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.3 | | -0.4 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -5.1 | | -1.5 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -1.5 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 2.0 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 2.6 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 0.7 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 2.0 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 8.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 189.5 | 171.3 | 171.3 | 162.6 | 160.2 | 150.8 | 154.4 | 142.6 | 135.2 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 2.8 | -23.3 | -23.3 | -8.7 | -11.0 | -11.8 | -5.8 | -8.1 | -7.4 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.1 | -0.1 | -0.1 | -1.1 | -1.9 | -2.1 | -2.5 | -2.3 | -2.5 |
| 4=5+6+7 | 'Snow-ball' effect | 1.4 | -22.2 | -22.2 | -7.6 | -8.3 | -4.5 | -4.3 | -4.4 | -3.0 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 3.0 | 2.4 | 2.4 | 2.9 | 3.2 | 2.9 | 3.2 | 2.8 | 2.6 |
| 6 | - Growth effect | -1.2 | -10.0 | -10.0 | -3.7 | -3.9 | -4.7 | -3.0 | -4.3 | -2.9 |
| 7 | - Inflation effect | -0.3 | -13.8 | -13.8 | -6.6 | -7.5 | -2.7 | -4.4 | -2.8 | -2.7 |
| 8 | 'Stock-flow' adjustment | 1.5 | -0.9 | -0.9 | 0.0 | -0.8 | -5.2 | 1.0 | -1.5 | -1.9 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 8.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.2 | 0.4 | 1.3 | 1.7 | 1.9 | 1.8 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 1.3 | 0.8 | 1.6 | 1.5 | 1.4 | 1.3 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | 0.1 | 0.0 |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.1 | 0.0 | 0.5 | 0.2 | 0.2 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.1 | 0.3 | 0.8 | 1.3 | 1.5 | 1.4 |
| 9 | Capital transfers | 0.0 | 0.1 | 0.1 | 0.3 | 0.4 | 0.5 | 0.6 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.1 | 0.4 | 1.0 | 1.7 | 2.0 | 2.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

Table 8.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | 0.0 | 0.9 | 0.9 | 0.8 | 0.8 | 1.5 | 0.7 |
| 2 | Repayments of RRF loans to EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. |
| 2 | Intermediate consumption | na. |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.1 | 0.6 | 1.1 | 1.4 | 1.1 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

9. SPAIN

Table 9.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 5.5 | 5.5 | 2.1 | 1.9 | 2.4 | 2.0 | 1.8 | 1.7 |
| 2 | Private consumption | 4.4 | 4.4 | 2.1 | 0.9 | 3.0 | 2.3 | 1.7 | 1.9 |
| 3 | Gross fixed capital formation | 4.6 | 4.6 | 0.9 | 2.2 | 5.0 | 4.2 | 2.4 | 0.9 |
| 4 | Exports of goods and services | 14.4 | 14.4 | 1.5 | 4.1 | 2.5 | 3.3 | 2.2 | 1.9 |
| 5 | Imports of goods and services | 7.9 | 7.9 | 0.7 | 2.8 | 3.9 | 4.2 | 1.9 | 1.3 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 3.3 | 3.3 | 1.7 | 1.3 | 2.9 | 2.3 | 1.6 | 1.4 |
| 7 | - Change in inventories | -0.2 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | 2.4 | 2.4 | 0.4 | 0.6 | -0.5 | -0.3 | 0.1 | 0.3 |
| 9 | Output gap, as planned (% of potential GDP) | -1.7 | | -0.8 | | -0.2 | | 0.0 | 0.1 |
| 10 | Output gap, as recalculated ¹ | -1.2 | -1.3 | -0.6 | -0.6 | 0.1 | -0.2 | 0.3 | 0.4 |
| 11 | Employment (% change) | 2.8 | 2.8 | 2.2 | 0.8 | 2.6 | 1.1 | 1.9 | 1.7 |
| 12 | Unemployment rate (%) | 12.9 | 12.9 | 12.2 | 12.7 | 10.9 | 12.4 | 10.3 | 9.8 |
| 13 | Labour productivity (% change) | 2.6 | 1.6 | -0.2 | 0.8 | -0.3 | 0.7 | -0.1 | 0.0 |
| 14 | HICP inflation (% change) | na. | 8.3 | na. | 4.0 | na. | 2.7 | na. | na. |
| 15 | GDP deflator | 4.3 | 4.3 | 4.0 | 4.4 | 3.5 | 2.9 | 2.1 | 1.9 |
| 16 | Comp. of employees (per head, % change) | 2.0 | 2.0 | 4.7 | 4.7 | 3.3 | 3.5 | 2.4 | 1.7 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 1.5 | 1.5 | 2.4 | 2.6 | 2.1 | 2.4 | 1.9 | 1.8 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 9.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 43.0 | 43.0 | 43.4 | 43.5 | 43.3 | 43.8 | 43.7 | 43.8 | 0.8 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 12.1 | 12.1 | 11.9 | 12.1 | 12.0 | 12.1 | 11.9 | 11.8 | -0.3 |
| 3 | - Current taxes on income, wealth, etc. | 12.4 | 12.4 | 13.2 | 12.5 | 13.5 | 12.5 | 14.0 | 14.3 | 1.9 |
| 4 | - Social contributions | 13.6 | 13.6 | 13.9 | 13.6 | 14.0 | 13.5 | 14.0 | 14.0 | 0.4 |
| 5 | - Other (residual) | 4.9 | 5.0 | 4.4 | 5.2 | 3.8 | 5.6 | 3.8 | 3.7 | -1.2 |
| 6 | RRF grants as included in the revenue projections | 1.9 | 0.4 | 1.4 | 1.3 | 0.1 | 1.8 | 0.0 | 0.0 | -1.9 |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 47.8 | 47.8 | 47.3 | 47.6 | 46.3 | 47.1 | 46.3 | 46.3 | -1.5 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 45.4 | 45.4 | 44.9 | 45.1 | 43.7 | 44.7 | 43.6 | 43.4 | -2.0 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 11.6 | 11.6 | 11.3 | 11.4 | 11.2 | 11.3 | 11.2 | 11.2 | -0.4 |
| 11 | - Intermediate consumption | 5.9 | 5.9 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | -0.1 |
| 12 | - Social payments | 20.1 | 20.1 | 20.5 | 20.4 | 20.4 | 20.1 | 20.5 | 20.5 | 0.4 |
| 13 | - Subsidies | 2.0 | 2.0 | 1.8 | 1.7 | 1.3 | 1.6 | 1.4 | 1.4 | -0.6 |
| 14 | - Gross fixed capital formation | 2.8 | 2.8 | 2.7 | 2.9 | 2.6 | 2.9 | 2.4 | 2.4 | -0.4 |
| 15 | - Other (residual) | 3.0 | 3.0 | 2.8 | 3.0 | 2.4 | 2.9 | 2.3 | 2.1 | -0.9 |
| 16 | - Interest expenditure | 2.4 | 2.4 | 2.4 | 2.5 | 2.6 | 2.4 | 2.7 | 2.9 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 1.9 | 0.4 | 1.4 | 1.3 | 0.1 | 1.8 | 0.0 | 0.0 | -1.9 |
| 18=1-8 | General government balance (% of GDP) | -4.8 | -4.8 | -3.9 | -4.1 | -3.0 | -3.3 | -2.7 | -2.5 | 2.3 |
| 19=1-9 | Primary balance | -2.4 | -2.4 | -1.5 | -1.6 | -0.4 | -0.9 | 0.1 | 0.4 | 2.8 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -3.8 | -4.0 | -3.4 | -3.7 | -2.9 | -3.2 | -2.7 | -2.5 | 1.3 |
| 21=20+16 | Cyclically adjusted primary balance | na. | -1.6 | na. | -1.2 | na. | -0.8 | na. | na. | na. |
| 22 | One-off measures (% of GDP) | -0.2 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| 23=20-22 | Structural balance (% of potential GDP) | -3.6 | -4.0 | -3.4 | -3.7 | -2.9 | -3.2 | -2.7 | -2.5 | 1.1 |
| 24=23+16 | Structural primary balance | -1.2 | -1.6 | -1.0 | -1.2 | -0.3 | -0.8 | 0.0 | 0.4 | 1.6 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 9.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|------|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | -0.4 | 0.2 | 0.2 | 0.5 | 0.5 |
| 2 | Change in the structural primary balance | na. | -0.1 | 0.2 | 0.3 | 0.7 | 0.5 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -2.5 | | -0.3 | | 0.5 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | -0.6 | | -0.5 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -2.6 | | 0.3 | | 1.1 | |
| 6 | - Nationally financed net primary current expenditure | -2.7 | | 0.2 | | 0.8 | |
| 7 | - Nationally financed gross fixed capital formation | -0.3 | | -0.1 | | 0.0 | |
| 8 | - Nationally financed other capital expenditure | 0.3 | | 0.2 | | 0.2 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.5 | | -1.0 | | -0.7 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.5 | | -0.2 | | -0.2 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.7 | | -0.5 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -3.7 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 3.7 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.7 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 2.6 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 1.4 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 1.2 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 9.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 107.8 | 113.2 | 113.2 | 111.9 | 110.6 | 109.1 | 109.1 | 107.9 | 106.8 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 3.1 | -5.0 | -5.0 | -1.3 | -2.6 | -2.9 | -1.5 | -1.2 | -1.1 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 2.8 | 2.4 | 2.4 | 1.5 | 1.6 | 0.4 | 0.9 | -0.1 | -0.4 |
| 4=5+6+7 | 'Snow-ball' effect | 0.6 | -8.4 | -8.3 | -4.1 | -4.4 | -3.6 | -2.8 | -1.3 | -0.8 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 2.3 | 2.4 | 2.4 | 2.4 | 2.5 | 2.6 | 2.4 | 2.7 | 2.9 |
| 6 | - Growth effect | -0.2 | -5.9 | -5.9 | -2.2 | -2.1 | -2.5 | -2.1 | -1.9 | -1.8 |
| 7 | - Inflation effect | -1.6 | -4.6 | -4.6 | -4.2 | -4.7 | -3.6 | -3.1 | -2.2 | -1.9 |
| 8 | 'Stock-flow' adjustment | -0.3 | 0.9 | 0.9 | 1.4 | 0.1 | 0.4 | 0.4 | 0.3 | 0.2 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 9.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 1.8 | 1.9 | 1.4 | 0.1 | 0.0 | 0.0 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 1.6 | 1.4 | 1.2 | 0.5 | 0.2 | 0.2 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.3 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| 9 | Capital transfers | 0.0 | 1.4 | 1.6 | 1.1 | 0.1 | 0.0 | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 1.5 | 1.7 | 1.2 | 0.1 | 0.0 | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | na. |
| 2 | Other costs with impact on revenue | na. |
| 3 | Financial transactions | na. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

10. FRANCE

Table 10.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 2.6 | 2.6 | 1.0 | 0.7 | 1.6 | 1.4 | 1.7 | 1.7 | 1.8 |
| 2 | Private consumption | 2.8 | 2.9 | 0.2 | 0.1 | 1.9 | 1.5 | 1.9 | 1.9 | 1.9 |
| 3 | Gross fixed capital formation | 2.3 | 2.2 | 2.1 | 1.2 | 0.9 | 1.7 | 1.8 | 1.1 | 1.3 |
| 4 | Exports of goods and services | 7.1 | 7.0 | 3.5 | 4.4 | 3.6 | 3.8 | 3.9 | 3.9 | 3.9 |
| 5 | Imports of goods and services | 9.1 | 8.9 | 3.1 | 3.6 | 3.0 | 3.5 | 3.5 | 3.3 | 3.3 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 2.7 | 2.7 | 0.9 | 0.6 | 1.4 | 1.4 | 1.7 | 1.6 | 1.6 |
| 7 | - Change in inventories | 0.7 | 0.6 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -0.7 | -0.7 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 |
| 9 | Output gap, as planned (% of potential GDP) | -1.1 | 0.2 | -1.5 | -0.3 | -1.3 | 0.0 | -0.9 | -0.5 | 0.0 |
| 10 | Output gap, as recalculated ¹ | 0.2 | | -0.4 | | -0.4 | | -0.2 | 0.1 | 0.5 |
| 11 | Employment (% change) | 2.4 | 2.4 | 0.8 | 0.3 | 0.6 | 0.4 | 0.8 | 0.8 | 0.8 |
| 12 | Unemployment rate (%) | na. | 7.3 | na. | 7.4 | na. | 7.5 | na. | na. | na. |
| 13 | Labour productivity (% change) | 0.2 | 0.2 | 0.2 | 0.4 | 1.0 | 1.0 | 0.9 | 0.9 | 1.0 |
| 14 | HICP inflation (% change) | 5.9 | 5.9 | 5.7 | 5.5 | 2.7 | 2.5 | 2.1 | 1.9 | 1.9 |
| 15 | GDP deflator | 3.0 | 3.0 | 5.4 | 5.4 | 2.7 | 2.6 | 1.8 | 1.6 | 1.6 |
| 16 | Comp. of employees (per head, % change) | 5.0 | 5.0 | 4.8 | 5.4 | 3.0 | 3.1 | 2.8 | 2.4 | 2.5 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -2.8 | -2.8 | -1.7 | -1.5 | -1.5 | -1.1 | -1.3 | -1.2 | -1.1 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 10.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | Change: 2022-2027 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 53.4 | 53.4 | 51.7 | 52.4 | 51.3 | 52.3 | 51.5 | 51.4 | 51.4 | -2.0 |
| | <i>of which:</i> | | | | | | | | | | |
| 2 | - Taxes on production and imports | 16.7 | 16.7 | 16.3 | 16.4 | 15.9 | 16.3 | 16.1 | 16.1 | 16.2 | -0.5 |
| 3 | - Current taxes on income, wealth, etc. | 13.5 | 13.5 | 13.1 | 13.3 | 13.2 | 13.6 | 13.2 | 13.4 | 13.4 | -0.1 |
| 4 | - Social contributions | 16.8 | 16.8 | 16.5 | 16.7 | 16.5 | 16.5 | 16.5 | 16.5 | 16.4 | -0.4 |
| 5 | - Other (residual) | 6.4 | 6.3 | 5.8 | 6.0 | 5.7 | 6.0 | 5.7 | 5.4 | 5.4 | -1.0 |
| 6 | RRF grants as included in the revenue projections | 0.4 | 0.4 | 0.2 | 0.2 | na. | 0.2 | na. | na. | na. | na. |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 58.1 | 58.1 | 56.6 | 57.1 | 55.7 | 56.6 | 55.2 | 54.6 | 54.1 | -4.0 |
| | <i>of which:</i> | | | | | | | | | | |
| 9 | - Primary expenditure | 56.2 | 56.2 | 54.9 | 55.1 | 53.8 | 54.6 | 53.1 | 52.3 | 51.7 | -4.5 |
| | <i>of which:</i> | | | | | | | | | | |
| 10 | - Compensation of employees | 12.4 | 12.4 | 12.2 | 12.3 | 12.1 | 12.2 | 12.0 | 11.9 | 11.9 | -0.5 |
| 11 | - Intermediate consumption | 5.2 | 5.2 | 5.2 | 5.1 | 5.1 | 5.1 | 4.9 | 4.8 | 4.7 | -0.5 |
| 12 | - Social payments | 25.7 | 25.7 | 24.9 | 25.2 | 25.0 | 25.4 | 24.8 | 24.6 | 24.3 | -1.4 |
| 13 | - Subsidies | 3.1 | 3.1 | 2.8 | 2.9 | 2.1 | 2.2 | 2.0 | 2.0 | 1.9 | -1.2 |
| 14 | - Gross fixed capital formation | 3.7 | 3.7 | 3.8 | 3.7 | 3.8 | 3.8 | 3.8 | 3.6 | 3.5 | -0.2 |
| 15 | - Other (residual) | 6.1 | 6.0 | 6.0 | 5.9 | 5.7 | 6.0 | 5.6 | 5.4 | 5.4 | -0.7 |
| 16 | - Interest expenditure | 1.9 | 1.9 | 1.7 | 2.0 | 1.9 | 2.0 | 2.1 | 2.3 | 2.4 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.4 | 0.4 | 0.2 | 0.2 | na. | 0.2 | na. | na. | na. | na. |
| 18=1-8 | General government balance (% of GDP) | -4.7 | -4.7 | -4.9 | -4.7 | -4.4 | -4.3 | -3.7 | -3.2 | -2.7 | 2.0 |
| 19=1-9 | Primary balance | -2.8 | -2.8 | -3.2 | -2.7 | -2.5 | -2.3 | -1.6 | -0.9 | -0.2 | 2.6 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -4.1 | -4.8 | -4.1 | -4.5 | -3.7 | -4.3 | -3.2 | -2.9 | -2.6 | 1.5 |
| 21=20+16 | Cyclically adjusted primary balance | -2.2 | -2.9 | -2.4 | -2.6 | -1.7 | -2.3 | -1.1 | -0.6 | -0.2 | 2.0 |
| 22 | One-off measures (% of GDP) | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | 0.0 | 0.0 | 0.1 |
| 23=20-22 | Structural balance (% of potential GDP) | -4.0 | -4.7 | -4.0 | -4.4 | -3.6 | -4.2 | -3.1 | -2.8 | -2.6 | 1.4 |
| 24=23+16 | Structural primary balance | -2.1 | -2.9 | -2.3 | -2.5 | -1.7 | -2.2 | -1.0 | -0.5 | -0.2 | 1.9 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 10.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.9 | 0.0 | 0.3 | 0.4 | 0.2 |
| 2 | Change in the structural primary balance | na. | 1.4 | -0.2 | 0.4 | 0.6 | 0.2 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -2.0 | | 0.5 | | 0.2 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | | 0.3 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -2.1 | | 0.3 | | 0.2 | |
| 6 | - Nationally financed net primary current expenditure | -1.7 | | 0.6 | | 0.3 | |
| 7 | - Nationally financed gross fixed capital formation | -0.1 | | 0.0 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.3 | | -0.3 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.8 | | 0.1 | | -0.8 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | -0.1 | | 0.1 | | -0.2 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.1 | | -0.5 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -4.4 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.4 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 4.0 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.7 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 2.3 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 3.1 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -0.8 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 10.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 104.2 | 111.6 | 111.6 | 109.6 | 109.6 | 109.5 | 109.5 | 109.4 | 109.2 | 108.3 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 3.0 | -1.3 | -1.3 | -2.0 | -2.0 | -0.1 | 0.0 | -0.1 | -0.3 | -0.8 |
| | Contributions ² : | | | | | | | | | | |
| 3 | Primary balance | 3.2 | 2.8 | 2.8 | 3.2 | 2.7 | 2.5 | 2.3 | 1.6 | 0.9 | 0.2 |
| 4=5+6+7 | 'Snow-ball' effect | -0.9 | -4.2 | -4.2 | -5.1 | -4.5 | -2.6 | -2.3 | -1.7 | -1.2 | -1.1 |
| | <i>of which:</i> | | | | | | | | | | |
| 5 | - Interest expenditure | 1.5 | 1.9 | 1.9 | 1.7 | 2.0 | 1.9 | 2.0 | 2.1 | 2.3 | 2.4 |
| 6 | - Growth effect | -1.0 | -2.8 | -2.7 | -1.0 | -0.8 | -1.7 | -1.5 | -1.8 | -1.8 | -1.9 |
| 7 | - Inflation effect | -1.4 | -3.2 | -3.2 | -5.7 | -5.6 | -2.8 | -2.8 | -2.0 | -1.7 | -1.7 |
| 8 | 'Stock-flow' adjustment | 0.6 | 0.1 | 0.1 | -0.1 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in Recovery and Resilience Facility grant disbursements), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 10.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.5 | 0.4 | 0.2 | n.a. | n.a. | n.a. |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.2 | 0.3 | 0.4 | n.a. | n.a. | n.a. |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.2 | 0.1 | 0.0 | n.a. | n.a. | n.a. |
| 8 | Gross fixed capital formation | n.a. |
| 9 | Capital transfers | n.a. |
| 10=8+9 | Total capital expenditure | 0.0 | 0.3 | 0.3 | 0.2 | n.a. | n.a. | n.a. |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

11. CROATIA

Table 11.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 6.3 | 6.2 | 2.2 | 1.6 | 2.6 | 2.3 | 2.5 | 2.2 |
| 2 | Private consumption | 5.1 | 5.1 | 1.3 | 1.2 | 2.6 | 1.8 | 2.4 | 2.1 |
| 3 | Gross fixed capital formation | 5.8 | 5.8 | 4.6 | 2.9 | 3.7 | 3.7 | 3.3 | 2.9 |
| 4 | Exports of goods and services | 25.4 | 25.4 | 2.7 | 3.0 | 2.9 | 3.7 | 3.0 | 2.7 |
| 5 | Imports of goods and services | 25.0 | 25.0 | 2.8 | 2.9 | 3.0 | 3.4 | 2.9 | 2.6 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 4.8 | 4.8 | 2.3 | 1.9 | 2.8 | 2.3 | 2.6 | 2.2 |
| 7 | - Change in inventories | 1.7 | 1.6 | 0.1 | -0.3 | 0.0 | -0.1 | 0.0 | 0.0 |
| 8 | - Net exports | -0.2 | -0.2 | -0.2 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | 2.9 | 3.8 | 2.0 | 1.9 | 1.6 | 1.2 | 1.5 | 1.3 |
| 10 | Output gap, as recalculated ¹ | 3.5 | | 1.9 | | 1.0 | | 0.5 | 0.1 |
| 11 | Employment (% change) | 2.3 | 2.3 | 2.0 | 1.0 | 1.5 | 1.2 | 1.2 | 1.0 |
| 12 | Unemployment rate (%) | 7.0 | 7.0 | 6.5 | 6.6 | 5.9 | 6.1 | 5.4 | 5.2 |
| 13 | Labour productivity (% change) | 3.9 | 3.8 | 0.2 | 0.6 | 1.1 | 1.1 | 1.3 | 1.3 |
| 14 | HICP inflation (% change) | 10.8 | 10.7 | 6.6 | 6.9 | 2.8 | 2.2 | 2.4 | 2.2 |
| 15 | GDP deflator | 8.9 | 8.2 | 7.9 | 7.5 | 3.7 | 3.2 | 2.7 | 2.4 |
| 16 | Comp. of employees (per head, % change) | 7.9 | 7.9 | 10.8 | 7.5 | 5.2 | 3.3 | 4.1 | 3.8 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | na. | 2.1 | na. | 3.1 | na. | 3.7 | na. | na. |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 11.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 45.2 | 45.2 | 45.2 | 45.3 | 44.4 | 44.7 | 44.5 | 44.5 | -0.7 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 18.6 | 18.6 | 18.2 | 18.5 | 18.2 | 18.3 | 18.3 | 18.3 | -0.3 |
| 3 | - Current taxes on income, wealth, etc. | 6.8 | 6.8 | 6.3 | 6.7 | 6.3 | 6.7 | 6.3 | 6.3 | -0.5 |
| 4 | - Social contributions | 10.9 | 10.9 | 11.2 | 11.0 | 11.3 | 11.0 | 11.3 | 11.4 | 0.5 |
| 5 | - Other (residual) | 9.0 | 9.0 | 9.4 | 9.2 | 8.7 | 8.6 | 8.7 | 8.6 | -0.4 |
| 6 | RRF grants as included in the revenue projections | 0.3 | 0.3 | 1.2 | 1.2 | 1.7 | 1.7 | 1.7 | 1.8 | 1.5 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 44.8 | 44.8 | 45.8 | 45.8 | 46.0 | 46.0 | 45.3 | 45.2 | 0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 43.4 | 43.4 | 44.5 | 44.6 | 44.7 | 44.9 | 44.0 | 43.8 | 0.4 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 11.3 | 11.3 | 11.4 | 11.6 | 11.9 | 12.0 | 11.9 | 11.7 | 0.5 |
| 11 | - Intermediate consumption | 7.8 | 7.8 | 7.6 | 7.8 | 7.5 | 7.7 | 7.5 | 7.5 | -0.3 |
| 12 | - Social payments | 14.1 | 14.1 | 14.3 | 14.5 | 14.2 | 14.6 | 14.0 | 13.9 | -0.2 |
| 13 | - Subsidies | 2.3 | 2.3 | 2.3 | 2.2 | 1.6 | 1.6 | 1.5 | 1.4 | -0.8 |
| 14 | - Gross fixed capital formation | 3.8 | 3.8 | 4.6 | 4.7 | 4.6 | 4.6 | 4.7 | 4.8 | 1.0 |
| 15 | - Other (residual) | 4.3 | 4.3 | 4.3 | 3.8 | 5.0 | 4.3 | 4.5 | 4.6 | 0.3 |
| 16 | - Interest expenditure | 1.4 | 1.4 | 1.3 | 1.2 | 1.3 | 1.2 | 1.2 | 1.3 | -0.1 |
| 17=6-7 | Expenditure financed by RRF grants | 0.3 | 0.3 | 1.2 | 1.2 | 1.7 | 1.7 | 1.7 | 1.8 | 1.5 |
| 18=1-8 | General government balance (% of GDP) | 0.4 | 0.4 | -0.7 | -0.5 | -1.5 | -1.3 | -0.8 | -0.6 | -1.0 |
| 19=1-9 | Primary balance | 1.8 | 1.8 | 0.6 | 0.7 | -0.3 | -0.2 | 0.5 | 0.7 | -1.1 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -0.9 | -1.3 | -1.6 | -1.3 | -2.3 | -1.9 | -1.4 | -1.2 | -0.3 |
| 21=20+16 | Cyclically adjusted primary balance | 0.5 | 0.1 | -0.3 | -0.1 | -1.0 | -0.7 | -0.2 | 0.1 | -0.4 |
| 22 | One-off measures (% of GDP) | 0.0 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.9 | -1.0 | -1.6 | -1.3 | -2.3 | -1.9 | -1.4 | -1.2 | -0.3 |
| 24=23+16 | Structural primary balance | 0.5 | 0.4 | -0.3 | -0.1 | -1.0 | -0.7 | -0.2 | 0.1 | -0.4 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 11.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|------|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 1.9 | -0.7 | -0.3 | -0.7 | -0.5 |
| 2 | Change in the structural primary balance | na. | 1.7 | -0.8 | -0.5 | -0.8 | -0.6 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.2 | | -1.0 | | 0.0 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | | -0.4 | | 0.4 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 0.3 | | -0.6 | | -0.4 | |
| 6 | - Nationally financed net primary current expenditure | 0.1 | | -0.4 | | 0.5 | |
| 7 | - Nationally financed gross fixed capital formation | 0.6 | | -0.7 | | -0.4 | |
| 8 | - Nationally financed other capital expenditure | -0.5 | | 0.5 | | -0.6 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.6 | | -0.1 | | -1.3 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.3 | | -0.1 | | -0.2 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.2 | | -0.1 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -1.3 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 0.3 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 5.1 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 6.8 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -1.8 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 11.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 77.2 | 68.4 | 68.4 | 62.6 | 63.0 | 59.8 | 61.8 | 57.5 | 55.6 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -0.3 | -10.0 | -10.0 | -5.8 | -5.4 | -2.8 | -1.1 | -2.3 | -1.9 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.3 | -1.8 | -1.8 | -0.6 | -0.7 | 0.3 | 0.2 | -0.5 | -0.7 |
| 4=5+6+7 | 'Snow-ball' effect | -1.1 | -9.3 | -9.3 | -5.1 | -4.6 | -2.5 | -2.1 | -1.8 | -1.3 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 2.1 | 1.4 | 1.4 | 1.3 | 1.2 | 1.3 | 1.2 | 1.2 | 1.3 |
| 6 | - Growth effect | -2.1 | -4.3 | -4.2 | -1.4 | -1.0 | -1.6 | -1.3 | -1.4 | -1.2 |
| 7 | - Inflation effect | -1.2 | -6.0 | -6.1 | -4.9 | -4.7 | -2.2 | -1.9 | -1.5 | -1.3 |
| 8 | 'Stock-flow' adjustment | 1.2 | 1.1 | 1.1 | -0.1 | -0.1 | -0.5 | 0.8 | 0.0 | 0.0 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 11.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.3 | 1.2 | 1.7 | 1.7 | 1.8 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 1.4 | 2.1 | 0.9 | 1.3 | 1.2 | 0.9 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. |
| 2 | Intermediate consumption | na. |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.1 | 0.4 | 0.5 | 0.5 | 0.5 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.3 | 0.6 | 0.6 | 0.7 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.2 | 0.5 | 0.6 | 0.6 | 0.6 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.2 | 0.8 | 1.2 | 1.2 | 1.3 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

Table 11.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | 0.0 | 0.0 | 0.0 | 0.0 | 1.3 | 1.9 | 1.1 |
| 2 | Repayments of RRF loans to EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. |
| 2 | Intermediate consumption | na. |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 1.0 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.5 | 0.8 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 0.8 | 1.7 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | na. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

12. ITALY

Table 12.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|------------|------|------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 3.7 | 3.7 | 1.0 | 1.2 | 1.5 | 1.1 | 1.3 | 1.1 |
| 2 | Private consumption | 4.6 | 4.6 | 0.7 | 0.1 | 1.3 | 1.2 | 1.0 | 1.1 |
| 3 | Gross fixed capital formation | 9.4 | 9.4 | 3.8 | 2.6 | 3.4 | 1.4 | 2.1 | 1.5 |
| 4 | Exports of goods and services | 9.4 | 9.4 | 3.2 | 2.3 | 3.8 | 3.1 | 3.7 | 2.8 |
| 5 | Imports of goods and services | 11.8 | 11.8 | 2.5 | 0.8 | 3.8 | 2.3 | 3.5 | 2.8 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 4.6 | 4.6 | 0.9 | 0.7 | 1.3 | 0.8 | 1.2 | 1.1 |
| 7 | - Change in inventories | -0.4 | -0.4 | -0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -0.5 | -0.5 | 0.3 | 0.6 | 0.1 | 0.3 | 0.1 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | 0.5 | 0.7 | 0.6 | 1.1 | 0.9 | 1.3 | 1.1 | 1.1 |
| 10 | Output gap, as recalculated ¹ | 0.7 | | 0.6 | | 0.8 | | 0.6 | 0.2 |
| 11 | Employment (% change) | 1.7 | 1.7 | 0.9 | 0.5 | 1.0 | 0.1 | 0.7 | 0.8 |
| 12 | Unemployment rate (%) | 8.1 | 8.1 | 7.7 | 7.8 | 7.5 | 7.7 | 7.4 | 7.2 |
| 13 | Labour productivity (% change) | 1.9 | 2.1 | 0.1 | 0.7 | 0.5 | 1.0 | 0.6 | 0.3 |
| 14 | HICP inflation (% change) | 8.7 | 8.7 | 5.9 | 6.1 | 2.8 | 2.9 | 2.1 | 2.0 |
| 15 | GDP deflator | 3.0 | 3.0 | 4.8 | 5.9 | 2.7 | 2.7 | 2.0 | 2.0 |
| 16 | Comp. of employees (per head, % change) | 3.3 | 2.6 | 3.1 | 3.5 | 2.2 | 3.6 | 2.0 | 1.8 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -0.8 | -0.8 | 1.2 | 0.0 | 1.5 | 1.3 | 1.9 | 1.9 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 12.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-----------------|----------------------|
| | | SP ¹ | COM | SP ¹ | COM | SP ¹ | COM | SP ¹ | SP ¹ | SP ¹ |
| 1=2+3+4+5 | Revenue (% of GDP) | 48.8 | 48.8 | 48.9 | 48.0 | 47.7 | 47.3 | 47.6 | 47.1 | -1.7 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 14.5 | 14.5 | 15.0 | 14.7 | 15.0 | 14.6 | 14.9 | 14.8 | 0.3 |
| 3 | - Current taxes on income, wealth, etc. | 15.2 | 15.2 | 14.6 | 14.6 | 14.2 | 14.4 | 14.3 | 14.2 | -1.0 |
| 4 | - Social contributions | 13.7 | 13.7 | 13.6 | 13.1 | 13.7 | 13.4 | 13.7 | 13.6 | -0.1 |
| 5 | - Other (residual) | 5.4 | 5.4 | 5.7 | 5.6 | 4.8 | 4.9 | 4.7 | 4.5 | -0.9 |
| 6 | RRF grants as included in the revenue projections | na. | 0.7 | na. | 0.9 | na. | 0.6 | na. | na. | na. |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. |
| 8=9+16 | Expenditure (% of GDP) | 56.7 | 56.7 | 53.2 | 52.5 | 51.2 | 51.0 | 50.7 | 49.6 | -7.1 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 52.3 | 52.4 | 49.5 | 48.5 | 47.1 | 46.8 | 46.5 | 45.1 | -7.2 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 9.8 | 9.8 | 9.4 | 9.3 | 8.9 | 8.8 | 8.6 | 8.4 | -1.4 |
| 11 | - Intermediate consumption | 6.0 | 6.0 | 6.0 | 6.0 | 5.6 | 5.6 | 5.5 | 5.5 | -0.5 |
| 12 | - Social payments | 24.0 | 24.0 | 23.6 | 23.3 | 23.6 | 23.6 | 23.4 | 23.3 | -0.7 |
| 13 | - Subsidies | 2.6 | 2.6 | 2.6 | 1.9 | 1.8 | 1.4 | 1.7 | 1.5 | -1.1 |
| 14 | - Gross fixed capital formation | 2.7 | 2.7 | 3.3 | 3.1 | 3.8 | 3.5 | 3.7 | 3.4 | 0.7 |
| 15 | - Other (residual) | 7.2 | 7.3 | 4.6 | 4.9 | 3.4 | 3.8 | 3.6 | 3.0 | -4.2 |
| 16 | - Interest expenditure | 4.4 | 4.4 | 3.7 | 4.0 | 4.1 | 4.1 | 4.2 | 4.5 | 0.1 |
| 17=6-7 | Expenditure financed by RRF grants | na. | 0.7 | na. | 0.9 | na. | 0.6 | na. | na. | na. |
| 18=1-8 | General government balance (% of GDP) | -8.0 | -8.0 | -4.5 | -4.5 | -3.7 | -3.7 | -3.0 | -2.5 | 5.5 |
| 19=1-9 | Primary balance | -3.6 | -3.6 | -0.6 | -0.5 | 0.5 | 0.5 | 1.2 | 2.0 | 5.6 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -8.3 | -8.3 | -4.8 | -5.1 | -4.2 | -4.4 | -3.6 | -3.1 | 5.2 |
| 21=20+16 | Cyclically adjusted primary balance | -3.9 | -4.0 | -1.1 | -1.1 | -0.2 | -0.3 | 0.6 | 1.4 | 5.3 |
| 22 | One-off measures (% of GDP) | 0.3 | 0.3 | 0.3 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | -0.2 |
| 23=20-22 | Structural balance (% of potential GDP) | -8.5 | -8.6 | -4.9 | -5.3 | -4.1 | -4.5 | -3.7 | -3.2 | 5.3 |
| 24=23+16 | Structural primary balance | -4.1 | -4.3 | -1.2 | -1.4 | 0.0 | -0.3 | 0.5 | 1.3 | 5.4 |

¹ In the table, the figures related to the Stability Programme correspond to the budgetary projections as reported by Italy. Except for the overall general government deficit and debt figures, those projections do not take into account the fiscal package announced by Italy. This package, adopted on 1 May 2023, included, among others, fiscal policy measures to reduce the labour tax wedge in 2023.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 12.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|------|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | -0.2 | 3.6 | 3.3 | 0.8 | 0.9 |
| 2 | Change in the structural primary balance | na. | 0.5 | 2.9 | 2.9 | 1.2 | 1.0 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -3.2 | | 2.6 | | 1.7 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | -0.4 | | -0.5 | | 0.6 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -2.8 | | 3.2 | | 1.1 | |
| 6 | - Nationally financed net primary current expenditure | -2.4 | | 0.9 | | 1.3 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | -0.1 | | -0.4 | |
| 8 | - Nationally financed other capital expenditure | -0.3 | | 2.3 | | 0.2 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 2.2 | | -1.5 | | -1.0 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 1.2 | | -0.6 | | -0.7 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.3 | | -1.1 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -5.3 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.25 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 5.6 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.7 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 1.3 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 0.8 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 0.6 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 12.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 141.5 | 144.4 | 144.4 | 142.1 | 140.4 | 141.4 | 140.3 | 140.9 | 140.4 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 3.0 | -5.5 | -5.5 | -2.3 | -4.0 | -0.7 | -0.1 | -0.5 | -0.5 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 1.4 | 3.6 | 3.6 | 0.8 | 0.5 | -0.3 | -0.5 | -1.2 | -2.0 |
| 4=5+6+7 | 'Snow-ball' effect | 2.0 | -5.1 | -5.2 | -4.1 | -5.7 | -1.9 | -1.0 | -0.4 | 0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 3.6 | 4.4 | 4.4 | 3.7 | 4.0 | 4.1 | 4.1 | 4.2 | 4.5 |
| 6 | - Growth effect | -0.2 | -5.2 | -5.2 | -1.4 | -1.6 | -2.0 | -1.5 | -1.8 | -1.5 |
| 7 | - Inflation effect | -1.3 | -4.2 | -4.2 | -6.5 | -7.9 | -3.8 | -3.6 | -2.8 | -2.7 |
| 8 | 'Stock-flow' adjustment | -0.4 | -3.9 | -3.9 | 1.1 | 1.2 | 1.4 | 1.4 | 1.1 | 1.3 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 12.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2020-2026 |
|---------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| 1 | RRF grants as included in the revenue projections | n.a. | 3.4 |
| 2 | Cash disbursements of RRF grants from EU | n.a. | 3.4 |
| # | Expenditure financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2020-2026 |
| 1 | Compensation of employees | n.a. | n.a. |
| 2 | Intermediate consumption | n.a. | n.a. |
| 3 | Social payments | n.a. | n.a. |
| 4 | Interest expenditure | n.a. | n.a. |
| 5 | Subsidies, payable | n.a. | n.a. |
| 6 | Current transfers | n.a. | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | n.a. | 0.6 |
| 8 | Gross fixed capital formation | n.a. | 1.2 |
| 9 | Capital transfers | n.a. | 1.6 |
| 10=8+9 | Total capital expenditure | n.a. | 2.8 |
| # | Other costs financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2020-2026 |
| 1 | Reduction in tax revenue | n.a. | 0.0 |
| 2 | Other costs with impact on revenue | n.a. | 0.0 |
| 3 | Financial transactions | n.a. | 0.0 |

The Stability Programme submitted by Italy did not include annual figures on revenue from and expenditure financed by Recovery and Resilience Facility (RRF) grants. For details on the approach for the statistical recording of RRF-related flows, see Box 2 on page 5.

Source: Stability Programme.

Table 12.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2020-2026 |
|---|--|------|------|------|------|------|------|------|-----------|
| 1 | Disbursements of RRF loans from EU | n.a. | 6.0 |
| 2 | Repayments of RRF loans to EU | n.a. | 0.0 |

| # | Expenditure financed by RRF loans (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2020-2026 |
|---------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| 1 | Compensation of employees | n.a. | n.a. |
| 2 | Intermediate consumption | n.a. | n.a. |
| 3 | Social payments | n.a. | n.a. |
| 4 | Interest expenditure | n.a. | n.a. |
| 5 | Subsidies, payable | n.a. | n.a. |
| 6 | Current transfers | n.a. | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | n.a. | 0.4 |
| 8 | Gross fixed capital formation | n.a. | 5.2 |
| 9 | Capital transfers | n.a. | 0.1 |
| 10=8+9 | Total capital expenditure | n.a. | 5.3 |

| # | Other costs financed by RRF loans (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2020-2026 |
|---|--|------|------|------|------|------|------|------|-----------|
| 1 | Reduction in tax revenue | n.a. | 0.0 |
| 2 | Other costs with impact on revenue | n.a. | 0.0 |
| 3 | Financial transactions | n.a. | 0.1 |

The Stability Programme submitted by Italy did not include annual figures on cash flow from and expenditure financed by Recovery and Resilience Facility (RRF) loans. For details on the approach for the statistical recording of RRF-related flows, see Box 2 on page 5.

Source: Stability Programme.

13. CYPRUS

Table 13.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 5.6 | 5.6 | 2.8 | 2.3 | 3.0 | 2.7 | 3.1 | 3.2 |
| 2 | Private consumption | 7.7 | 7.7 | 2.2 | 1.9 | 1.8 | 2.2 | 2.0 | 2.3 |
| 3 | Gross fixed capital formation | 6.6 | 6.6 | 1.7 | 0.8 | 6.3 | 1.7 | 6.0 | 5.8 |
| 4 | Exports of goods and services | 14.3 | 13.7 | 3.7 | 2.8 | 3.1 | 3.7 | 2.6 | 2.4 |
| 5 | Imports of goods and services | 19.5 | 18.8 | 2.7 | 2.1 | 2.9 | 2.9 | 2.4 | 2.2 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 6.6 | 5.9 | 2.1 | 1.7 | 2.9 | 1.9 | 2.9 | 3.1 |
| 7 | - Change in inventories | 3.0 | 3.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -4.1 | -3.9 | 0.9 | 0.7 | 0.1 | 0.8 | 0.2 | 0.1 |
| 9 | Output gap, as planned (% of potential GDP) | 2.3 | 2.7 | 1.3 | 1.8 | 0.9 | 1.5 | 0.7 | 0.7 |
| 10 | Output gap, as recalculated ¹ | 2.6 | | 1.4 | | 0.6 | | 0.1 | 0.0 |
| 11 | Employment (% change) | 2.9 | 2.9 | 1.0 | 1.7 | 1.4 | 1.9 | 1.6 | 1.8 |
| 12 | Unemployment rate (%) | 6.8 | 6.8 | 6.5 | 6.9 | 5.8 | 6.4 | 5.3 | 5.0 |
| 13 | Labour productivity (% change) | 2.7 | 2.7 | 1.8 | 0.6 | 1.6 | 0.8 | 1.5 | 1.4 |
| 14 | HICP inflation (% change) | 8.1 | 8.1 | 3.2 | 3.8 | 2.5 | 2.5 | 2.0 | 2.0 |
| 15 | GDP deflator | 6.5 | 6.4 | 3.8 | 5.0 | 2.4 | 2.8 | 2.1 | 2.1 |
| 16 | Comp. of employees (per head, % change) | 3.8 | 3.8 | 8.0 | 6.3 | 5.2 | 4.0 | 4.8 | 4.5 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -8.9 | -8.3 | -7.5 | -6.5 | -7.0 | -6.1 | -6.6 | -6.3 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 13.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 41.9 | 41.9 | 42.2 | 42.1 | 42.7 | 42.7 | 42.3 | 41.9 | 0.0 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 14.7 | 14.7 | 14.7 | 14.7 | 14.6 | 14.4 | 14.4 | 14.3 | -0.4 |
| 3 | - Current taxes on income, wealth, etc. | 10.6 | 10.7 | 10.7 | 10.6 | 10.7 | 10.7 | 10.7 | 10.7 | 0.1 |
| 4 | - Social contributions | 11.5 | 11.5 | 11.7 | 11.7 | 12.4 | 12.2 | 12.6 | 12.7 | 1.1 |
| 5 | - Other (residual) | 5.1 | 5.1 | 5.1 | 5.1 | 5.0 | 5.5 | 4.6 | 4.2 | -0.9 |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.4 | 0.4 | 0.9 | 0.9 | 0.8 | 0.6 | 0.5 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 39.8 | 39.8 | 40.2 | 40.2 | 40.4 | 40.6 | 39.9 | 39.5 | -0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 38.3 | 38.3 | 39.0 | 38.9 | 39.0 | 39.3 | 38.6 | 38.2 | -0.1 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 11.7 | 11.7 | 11.9 | 11.8 | 11.9 | 11.8 | 11.8 | 11.7 | 0.0 |
| 11 | - Intermediate consumption | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.8 | 4.6 | 4.6 | 0.0 |
| 12 | - Social payments | 15.7 | 15.7 | 15.8 | 15.8 | 16.1 | 16.1 | 16.4 | 16.6 | 0.9 |
| 13 | - Subsidies | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | -0.2 |
| 14 | - Gross fixed capital formation | 2.6 | 2.6 | 3.0 | 3.0 | 2.8 | 2.8 | 2.4 | 2.3 | -0.2 |
| 15 | - Other (residual) | 3.5 | 3.5 | 3.2 | 3.4 | 3.2 | 3.4 | 3.1 | 2.8 | -0.7 |
| 16 | - Interest expenditure | 1.5 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 | -0.1 |
| 17=6-7 | Expenditure financed by RRF grants | 0.2 | 0.1 | 0.4 | 0.4 | 1.0 | 0.9 | 0.8 | 0.7 | 0.5 |
| 18=1-8 | General government balance (% of GDP) | 2.1 | 2.1 | 2.0 | 1.8 | 2.3 | 2.1 | 2.3 | 2.4 | 0.3 |
| 19=1-9 | Primary balance | 3.6 | 3.6 | 3.2 | 3.2 | 3.7 | 3.4 | 3.7 | 3.7 | 0.1 |
| 20 | Cyclically adjusted balance (% of potential GDP) | 1.0 | 0.7 | 1.3 | 0.9 | 1.9 | 1.3 | 2.0 | 2.0 | 1.1 |
| 21=20+16 | Cyclically adjusted primary balance | 2.4 | 2.2 | 2.6 | 2.2 | 3.2 | 2.6 | 3.3 | 3.4 | 0.9 |
| 22 | One-off measures (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | 1.0 | 0.7 | 1.3 | 0.9 | 1.9 | 1.3 | 2.0 | 2.0 | 1.1 |
| 24=23+16 | Structural primary balance | 2.5 | 2.2 | 2.6 | 2.2 | 3.2 | 2.6 | 3.3 | 3.4 | 0.9 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 13.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 3.2 | 0.4 | 0.2 | 0.6 | 0.4 |
| 2 | Change in the structural primary balance | na. | 2.8 | 0.1 | 0.0 | 0.6 | 0.4 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.0 | | -0.1 | | 0.3 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | 0.6 | | -0.5 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.1 | | -0.7 | | 0.8 | |
| 6 | - Nationally financed net primary current expenditure | 0.0 | | 0.0 | | 0.3 | |
| 7 | - Nationally financed gross fixed capital formation | 0.1 | | -0.8 | | 0.4 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | 0.0 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.6 | | -0.2 | | -0.4 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.1 | | -0.1 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.6 | | -0.3 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | 0.9 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | Yes | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | na. | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | na. | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | na. | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 3.6 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | na. | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 13.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 99.3 | 86.5 | 86.5 | 81.1 | 80.4 | 72.9 | 72.5 | 67.3 | 60.1 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -0.3 | -14.7 | -14.7 | -5.4 | -6.1 | -8.2 | -8.0 | -5.6 | -7.2 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.5 | -3.6 | -3.6 | -3.2 | -3.2 | -3.7 | -3.4 | -3.7 | -3.7 |
| 4=5+6+7 | 'Snow-ball' effect | -2.5 | -9.7 | -9.7 | -4.2 | -4.7 | -3.0 | -3.0 | -2.3 | -2.1 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 2.2 | 1.5 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 |
| 6 | - Growth effect | -3.6 | -5.1 | -5.1 | -2.3 | -1.9 | -2.3 | -2.1 | -2.2 | -2.0 |
| 7 | - Inflation effect | -1.0 | -5.8 | -5.8 | -3.1 | -4.1 | -1.9 | -2.2 | -1.5 | -1.3 |
| 8 | 'Stock-flow' adjustment | 2.8 | -1.4 | -1.4 | 2.0 | 1.7 | -1.6 | -1.6 | 0.4 | -1.4 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 13.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.2 | 0.1 | 0.4 | 0.9 | 0.8 | 0.6 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.5 | 0.3 | 0.7 | 0.8 | 0.6 | 0.4 |

| # | Expenditure financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| 1 | Compensation of employees | na. | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | na. | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. | na. | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 | 0.2 | 0.2 |
| 8 | Gross fixed capital formation | 0.1 | 0.0 | 0.0 | 0.2 | 0.4 | 0.3 | 0.3 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.3 | 0.2 |
| 10=8+9 | Total capital expenditure | 0.1 | 0.1 | 0.1 | 0.3 | 0.7 | 0.6 | 0.5 |

| # | Other costs financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

Table 13.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | 0.0 | 0.1 | 0.0 | 0.0 | 0.2 | 0.3 | 0.0 |
| 2 | Repayments of RRF loans to EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. | na. | na. | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | na. | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. | na. | na. | 0.1 | 0.1 | 0.1 | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

14. LATVIA

Table 14.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 2.0 | 2.8 | 0.0 | 1.4 | 2.0 | 2.8 | 2.9 | 2.8 |
| 2 | Private consumption | 8.1 | 8.1 | -0.9 | 3.0 | 2.1 | 2.8 | 4.0 | 3.5 |
| 3 | Gross fixed capital formation | 0.7 | 0.7 | 1.0 | 1.7 | 4.8 | 4.0 | 5.0 | 5.0 |
| 4 | Exports of goods and services | 9.1 | 9.1 | 0.0 | 2.4 | 4.3 | 2.5 | 4.6 | 5.0 |
| 5 | Imports of goods and services | 11.6 | 11.7 | 0.5 | 1.5 | 3.9 | 1.8 | 4.7 | 5.0 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 5.5 | 5.4 | -0.1 | 2.4 | 2.6 | 2.8 | 3.7 | 3.5 |
| 7 | - Change in inventories | -0.5 | -0.6 | 0.5 | -1.2 | -0.3 | -0.1 | 0.0 | 0.0 |
| 8 | - Net exports | -2.9 | -2.0 | -0.4 | 0.5 | -0.3 | 0.4 | -0.8 | -0.7 |
| 9 | Output gap, as planned (% of potential GDP) | 0.5 | -0.5 | -1.5 | -1.0 | -1.4 | -0.3 | -0.6 | 0.0 |
| 10 | Output gap, as recalculated ¹ | 0.0 | | -1.6 | | -1.5 | | -0.8 | 0.2 |
| 11 | Employment (% change) | 2.6 | 2.7 | 0.0 | 0.1 | -0.2 | 1.6 | -0.3 | -0.6 |
| 12 | Unemployment rate (%) | 6.9 | 6.9 | 7.1 | 6.8 | 6.8 | 6.5 | 6.4 | 6.4 |
| 13 | Labour productivity (% change) | -0.6 | 0.0 | 0.0 | 1.3 | 2.2 | 1.2 | 3.2 | 3.4 |
| 14 | HICP inflation (% change) | 17.3 | 17.2 | 10.0 | 9.3 | 2.2 | 1.7 | 2.5 | 2.5 |
| 15 | GDP deflator | 14.1 | 13.1 | 11.7 | 8.9 | 3.4 | 2.7 | 2.7 | 2.7 |
| 16 | Comp. of employees (per head, % change) | 7.5 | 9.0 | 8.5 | 10.8 | 6.5 | 5.3 | 5.0 | 4.0 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -5.3 | -4.6 | -1.9 | -1.3 | -1.3 | -0.5 | -1.0 | -1.1 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 14.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 36.1 | 35.8 | 36.0 | 36.3 | 36.1 | 36.6 | 35.4 | 34.9 | -12 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 13.4 | 13.6 | 12.8 | 13.3 | 12.9 | 13.2 | 12.8 | 12.7 | -0.7 |
| 3 | - Current taxes on income, wealth, etc. | 6.9 | 6.9 | 6.6 | 6.8 | 6.6 | 6.8 | 6.6 | 6.6 | -0.3 |
| 4 | - Social contributions | 9.7 | 9.8 | 9.6 | 9.8 | 9.9 | 10.0 | 9.9 | 9.8 | 0.1 |
| 5 | - Other (residual) | 6.1 | 5.4 | 7.0 | 6.4 | 6.7 | 6.7 | 6.1 | 5.8 | -0.3 |
| 6 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.7 | 0.8 | 1.2 | 1.4 | 1.2 | 0.7 | 0.7 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 40.8 | 40.2 | 40.0 | 40.1 | 38.6 | 39.3 | 37.6 | 35.6 | -5.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 40.3 | 39.7 | 39.4 | 39.5 | 37.8 | 38.5 | 36.5 | 34.5 | -5.8 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.2 | 10.5 | 10.3 | 10.5 | 10.0 | 10.4 | 9.6 | 9.1 | -1.1 |
| 11 | - Intermediate consumption | 7.0 | 6.3 | 5.9 | 6.3 | 5.7 | 6.3 | 5.6 | 5.3 | -1.7 |
| 12 | - Social payments | 13.6 | 12.6 | 13.0 | 12.8 | 13.1 | 12.6 | 13.2 | 13.1 | -0.5 |
| 13 | - Subsidies | 0.7 | 1.6 | 0.7 | 1.3 | 0.6 | 0.8 | 0.6 | 0.6 | -0.1 |
| 14 | - Gross fixed capital formation | 4.4 | 3.8 | 5.1 | 5.5 | 5.9 | 6.1 | 5.7 | 4.8 | 0.5 |
| 15 | - Other (residual) | 4.5 | 4.9 | 4.5 | 3.2 | 2.5 | 2.3 | 1.8 | 1.6 | -2.9 |
| 16 | - Interest expenditure | 0.5 | 0.5 | 0.6 | 0.6 | 0.8 | 0.8 | 1.0 | 1.1 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 0.7 | 0.8 | 1.3 | 1.4 | 1.1 | 0.7 | 0.7 |
| 18=1-8 | General government balance (% of GDP) | -4.7 | -4.4 | -4.0 | -3.8 | -2.5 | -2.7 | -2.2 | -0.7 | 4.0 |
| 19=1-9 | Primary balance | -4.2 | -3.9 | -3.4 | -3.2 | -1.7 | -1.9 | -1.2 | 0.4 | 4.6 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -4.9 | -4.2 | -3.5 | -3.5 | -2.0 | -2.6 | -2.0 | -0.7 | 4.2 |
| 21=20+16 | Cyclically adjusted primary balance | -4.4 | -3.7 | -2.9 | -2.9 | -1.2 | -1.8 | -1.0 | 0.4 | 4.8 |
| 22 | One-off measures (% of GDP) | -4.8 | 0.0 | -3.0 | 0.0 | -1.5 | 0.0 | -1.5 | -0.7 | 4.1 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.1 | -4.2 | -0.5 | -3.5 | -0.5 | -2.6 | -0.5 | 0.0 | 0.1 |
| 24=23+16 | Structural primary balance | 0.4 | -3.7 | 0.1 | -2.9 | 0.3 | -1.8 | 0.5 | 1.1 | 0.6 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 14.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 2.5 | -0.4 | 0.8 | 0.0 | 0.9 |
| 2 | Change in the structural primary balance | na. | 2.5 | -0.3 | 0.9 | 0.2 | 1.1 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.0 | | -0.9 | | 0.6 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.2 | | -1.1 | | -0.7 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.2 | | 0.1 | | 1.3 | |
| 6 | - Nationally financed net primary current expenditure | 0.3 | | -0.5 | | 1.7 | |
| 7 | - Nationally financed gross fixed capital formation | 1.2 | | -1.0 | | -0.4 | |
| 8 | - Nationally financed other capital expenditure | -1.7 | | 1.7 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.4 | | -0.5 | | -1.0 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.5 | | -0.4 | | -0.1 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.2 | | 0.1 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -3.8 | | -1.2 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -3.5 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 2.5 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 3.0 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 1.3 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 1.6 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 14.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 39.6 | 40.8 | 40.8 | 39.6 | 39.7 | 39.7 | 40.5 | 39.8 | 38.9 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 0.7 | -3.1 | -2.9 | -1.2 | -1.1 | 0.2 | 0.8 | 0.1 | -0.9 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 2.0 | 4.2 | 3.9 | 3.4 | 3.2 | 1.7 | 1.9 | 1.2 | -0.4 |
| 4=5+6+7 | 'Snow-ball' effect | -1.5 | -5.6 | -5.7 | -3.7 | -3.3 | -1.2 | -1.3 | -1.1 | -1.0 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.7 | 0.5 | 0.5 | 0.6 | 0.6 | 0.8 | 0.8 | 1.0 | 1.1 |
| 6 | - Growth effect | -0.9 | -0.8 | -1.0 | 0.0 | -0.5 | -0.7 | -1.1 | -1.1 | -1.1 |
| 7 | - Inflation effect | -1.2 | -5.3 | -5.0 | -4.3 | -3.3 | -1.3 | -1.0 | -1.0 | -1.0 |
| 8 | 'Stock-flow' adjustment | 0.1 | -1.6 | -1.2 | -1.0 | -1.0 | -0.2 | 0.2 | 0.6 | 0.7 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 14.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 0.7 | 1.2 | 1.2 | 0.7 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.7 | 0.5 | 0.0 | 1.7 | 0.5 | 0.6 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | na. | na. | na. | na. | na. |
| 2 | Intermediate consumption | 0.0 | 0.0 | na. | na. | na. | na. | na. |
| 3 | Social payments | 0.0 | 0.0 | na. | na. | na. | na. | na. |
| 4 | Interest expenditure | 0.0 | 0.0 | na. | na. | na. | na. | na. |
| 5 | Subsidies, payable | 0.0 | 0.0 | na. | na. | na. | na. | na. |
| 6 | Current transfers | 0.0 | 0.0 | na. | na. | na. | na. | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.3 | 0.5 | 0.4 | 0.3 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.4 | 0.8 | 0.7 | 0.4 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.4 | 0.8 | 0.7 | 0.4 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

15. LITHUANIA

Table 15.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 1.9 | 1.9 | 0.5 | 0.5 | 3.0 | 2.7 | 3.0 | 3.0 |
| 2 | Private consumption | 0.5 | 0.5 | 0.5 | 0.1 | 3.4 | 3.1 | 3.4 | 3.4 |
| 3 | Gross fixed capital formation | 2.6 | 2.6 | 2.7 | 2.7 | 5.4 | 4.5 | 5.4 | 5.4 |
| 4 | Exports of goods and services | 11.3 | 11.9 | 0.0 | 1.9 | 4.9 | 4.8 | 4.9 | 4.9 |
| 5 | Imports of goods and services | 11.1 | 12.3 | 0.3 | 2.0 | 5.2 | 4.9 | 5.2 | 5.2 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 0.9 | 0.9 | 1.0 | 0.7 | 3.2 | 2.8 | 3.2 | 3.2 |
| 7 | - Change in inventories | na. | 0.7 | na. | 0.0 | na. | -0.1 | na. | na. |
| 8 | - Net exports | 0.7 | 0.2 | -0.3 | -0.1 | -0.2 | 0.1 | -0.2 | -0.2 |
| 9 | Output gap, as planned (% of potential GDP) | -0.4 | -0.5 | -2.6 | -2.7 | -1.9 | -2.6 | -0.9 | 0.0 |
| 10 | Output gap, as recalculated ¹ | -0.6 | | -2.6 | | -1.9 | | -1.4 | -0.6 |
| 11 | Employment (% change) | 3.8 | 5.1 | -0.7 | -0.6 | 0.0 | -0.3 | -0.1 | -0.2 |
| 12 | Unemployment rate (%) | 5.9 | 6.0 | 7.0 | 6.6 | 6.8 | 6.5 | 6.5 | 6.3 |
| 13 | Labour productivity (% change) | -1.9 | -3.0 | 1.2 | 1.2 | 3.0 | 3.0 | 3.1 | 3.2 |
| 14 | HICP inflation (% change) | 18.9 | 18.9 | 8.5 | 9.2 | 2.3 | 2.2 | 2.0 | 2.0 |
| 15 | GDP deflator | 16.9 | 16.8 | 9.8 | 10.4 | 2.3 | 3.1 | 2.0 | 2.0 |
| 16 | Comp. of employees (per head, % change) | 10.6 | 10.6 | 10.5 | 10.4 | 5.3 | 6.2 | 5.2 | 5.3 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -4.4 | -3.9 | 0.3 | 0.2 | -0.5 | 1.3 | -0.7 | -0.8 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 15.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 35.8 | 35.8 | 36.3 | 35.9 | 36.4 | 35.8 | 36.2 | 35.8 | 0.0 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 11.5 | 11.5 | 11.1 | 11.1 | 11.3 | 11.2 | 11.2 | 11.1 | -0.4 |
| 3 | - Current taxes on income, wealth, etc. | 10.1 | 10.1 | 9.9 | 9.9 | 10.1 | 9.9 | 10.3 | 10.5 | 0.4 |
| 4 | - Social contributions | 10.3 | 10.3 | 9.9 | 10.0 | 10.0 | 10.0 | 10.0 | 9.9 | -0.4 |
| 5 | - Other (residual) | 3.9 | 3.9 | 5.4 | 4.9 | 5.0 | 4.6 | 4.7 | 4.3 | 0.4 |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.7 | 0.7 | 0.9 | 0.9 | 0.7 | 0.3 | 0.2 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 36.4 | 36.5 | 38.6 | 37.6 | 38.1 | 37.1 | 37.6 | 36.7 | 0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 36.0 | 36.1 | 38.1 | 37.1 | 37.5 | 36.5 | 36.8 | 35.8 | -0.2 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.1 | 10.1 | 10.1 | 10.1 | 10.1 | 10.1 | 10.1 | 10.1 | 0.0 |
| 11 | - Intermediate consumption | 4.3 | 4.3 | 5.6 | 4.7 | 5.6 | 4.9 | 5.5 | 5.0 | 0.7 |
| 12 | - Social payments | 14.1 | 14.1 | 14.7 | 14.6 | 14.7 | 14.6 | 14.7 | 14.6 | 0.5 |
| 13 | - Subsidies | 1.7 | 1.7 | 0.8 | 1.0 | 0.3 | 0.4 | 0.3 | 0.3 | -1.4 |
| 14 | - Gross fixed capital formation | 3.0 | 3.0 | 4.0 | 3.6 | 3.9 | 3.6 | 3.5 | 3.4 | 0.4 |
| 15 | - Other (residual) | 2.8 | 2.8 | 2.9 | 3.0 | 2.9 | 2.9 | 2.7 | 2.4 | -0.4 |
| 16 | - Interest expenditure | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.8 | 0.9 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.1 | 0.7 | 0.7 | 0.9 | 0.9 | 0.7 | 0.3 | 0.2 |
| 18=1-8 | General government balance (% of GDP) | -0.6 | -0.6 | -2.2 | -1.7 | -1.7 | -1.4 | -1.4 | -0.9 | -0.3 |
| 19=1-9 | Primary balance | -0.3 | -0.3 | -1.8 | -1.3 | -1.1 | -0.7 | -0.5 | 0.0 | 0.3 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -0.5 | -0.4 | -1.2 | -0.6 | -0.9 | -0.3 | -1.0 | -0.9 | -0.4 |
| 21=20+16 | Cyclically adjusted primary balance | -0.1 | -0.1 | -0.7 | -0.2 | -0.3 | 0.3 | -0.2 | 0.0 | 0.1 |
| 22 | One-off measures (% of GDP) | 0.2 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.6 | -0.4 | -1.0 | -0.6 | -1.0 | -0.3 | -0.9 | -0.9 | -0.3 |
| 24=23+16 | Structural primary balance | -0.2 | -0.1 | -0.5 | -0.2 | -0.4 | 0.3 | -0.1 | 0.0 | 0.2 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 15.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 1.1 | -0.4 | -0.2 | 0.0 | 0.3 |
| 2 | Change in the structural primary balance | na. | 1.1 | -0.3 | -0.1 | 0.1 | 0.5 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.9 | | -0.8 | | 1.4 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.2 | | -0.8 | | 0.2 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 0.6 | | 0.1 | | 1.2 | |
| 6 | - Nationally financed net primary current expenditure | 0.9 | | 0.4 | | 1.2 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | -0.1 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | -0.2 | | 0.2 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.3 | | -0.7 | | -0.6 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.3 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -0.2 | | -0.4 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -0.6 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | Yes | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | na. | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | na. | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | na. | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 2.7 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | na. | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 15.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 39.7 | 38.4 | 38.4 | 37.8 | 37.1 | 37.7 | 36.6 | 39.2 | 38.6 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 0.8 | -5.3 | -5.3 | -0.6 | -1.3 | -0.1 | -0.5 | 1.5 | -0.6 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 0.5 | 0.3 | 0.3 | 1.8 | 1.3 | 1.1 | 0.7 | 0.5 | 0.0 |
| 4=5+6+7 | 'Snow-ball' effect | -2.0 | -6.7 | -6.6 | -3.2 | -3.3 | -1.3 | -1.4 | -0.9 | -1.0 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.8 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.8 | 0.9 |
| 6 | - Growth effect | -1.4 | -0.7 | -0.7 | -0.2 | -0.2 | -1.1 | -1.0 | -1.1 | -1.1 |
| 7 | - Inflation effect | -1.4 | -6.2 | -6.2 | -3.4 | -3.6 | -0.8 | -1.1 | -0.7 | -0.7 |
| 8 | 'Stock-flow' adjustment | 2.4 | 1.1 | 1.1 | 0.8 | 0.8 | 0.2 | 0.2 | 2.0 | 0.5 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 15.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.1 | 0.7 | 0.9 | 0.7 | 0.3 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.5 | 0.0 | 1.1 | 0.7 | 0.2 | 0.3 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | na. | na. | na. | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.1 | 0.4 | 0.6 | 0.4 | 0.2 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.1 | 0.4 | 0.6 | 0.4 | 0.2 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

16. LUXEMBOURG

Table 16.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 1.5 | 1.5 | 2.4 | 1.6 | 3.8 | 2.4 | 2.9 | 2.5 | 2.5 |
| 2 | Private consumption | 2.8 | 2.8 | 3.2 | 2.4 | 3.1 | 2.7 | 3.0 | 2.6 | 2.5 |
| 3 | Gross fixed capital formation | -0.5 | -0.5 | -9.3 | -2.9 | 15.2 | 1.6 | 2.4 | -1.0 | -1.1 |
| 4 | Exports of goods and services | -0.6 | -0.6 | 4.8 | 2.6 | 6.2 | 3.6 | 5.2 | 5.1 | 5.0 |
| 5 | Imports of goods and services | -0.9 | -0.9 | 4.3 | 2.7 | 7.2 | 3.8 | 5.6 | 5.3 | 4.9 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 1.5 | 1.4 | 0.1 | 0.9 | 3.8 | 1.5 | 1.7 | 0.9 | 0.9 |
| 7 | - Change in inventories | -0.2 | -0.1 | -0.2 | 0.0 | -0.1 | 0.0 | 0.2 | 0.3 | -0.1 |
| 8 | - Net exports | 0.3 | 0.2 | 2.5 | 0.7 | 0.1 | 0.9 | 1.0 | 1.3 | 1.7 |
| 9 | Output gap, as planned (% of potential GDP) | -1.6 | -0.8 | -1.5 | -1.5 | -0.3 | -1.4 | -0.2 | -0.1 | 0.0 |
| 10 | Output gap, as recalculated ¹ | -1.2 | | -1.4 | | -0.5 | | -0.3 | -0.5 | -0.6 |
| 11 | Employment (% change) | 3.5 | 3.5 | 2.7 | 2.4 | 2.5 | 2.3 | 2.2 | 2.4 | 2.2 |
| 12 | Unemployment rate (%) | 4.4 | 4.6 | 4.5 | 4.8 | 4.6 | 5.0 | 4.9 | 5.1 | 5.3 |
| 13 | Labour productivity (% change) | -1.9 | -1.9 | -0.2 | -0.8 | 1.3 | 0.1 | 0.6 | 0.1 | 0.3 |
| 14 | HICP inflation (% change) | 8.2 | 8.2 | 3.2 | 3.2 | 2.7 | 2.6 | 2.7 | 1.5 | 1.7 |
| 15 | GDP deflator | 6.4 | 6.4 | 2.2 | 5.5 | 2.1 | 3.4 | 2.5 | 2.1 | 2.1 |
| 16 | Comp. of employees (per head, % change) | 5.6 | 5.4 | 5.7 | 6.9 | 4.2 | 3.4 | 3.7 | 2.0 | 1.9 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | na. | 4.9 | na. | 6.5 | na. | 6.7 | na. | na. | na. |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 16.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | Change: 2022-2027 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 43.5 | 43.5 | 44.2 | 43.0 | 43.9 | 42.0 | 44.2 | 44.4 | 44.3 | 0.8 |
| | <i>of which:</i> | | | | | | | | | | |
| 2 | - Taxes on production and imports | 11.4 | 11.4 | 11.3 | 10.9 | 11.3 | 10.7 | 11.3 | 11.4 | 11.4 | 0.0 |
| 3 | - Current taxes on income, wealth, etc. | 15.8 | 15.8 | 16.2 | 15.7 | 16.1 | 15.1 | 16.2 | 16.3 | 16.3 | 0.5 |
| 4 | - Social contributions | 11.9 | 11.9 | 12.4 | 12.2 | 12.3 | 12.2 | 12.6 | 12.6 | 12.7 | 0.8 |
| 5 | - Other (residual) | 4.4 | 4.3 | 4.3 | 4.1 | 4.2 | 4.1 | 4.1 | 4.1 | 3.9 | -0.5 |
| 6 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | na. | na. |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 43.3 | 43.3 | 45.7 | 44.7 | 45.6 | 43.5 | 45.2 | 45.1 | 45.2 | 1.9 |
| | <i>of which:</i> | | | | | | | | | | |
| 9 | - Primary expenditure | 43.1 | 43.1 | 45.5 | 44.5 | 45.4 | 43.1 | 44.9 | 44.7 | 44.7 | 1.6 |
| | <i>of which:</i> | | | | | | | | | | |
| 10 | - Compensation of employees | 10.2 | 10.2 | 10.8 | 10.4 | 10.9 | 10.4 | 10.9 | 10.8 | 10.8 | 0.6 |
| 11 | - Intermediate consumption | 4.3 | 4.3 | 4.5 | 4.4 | 4.4 | 4.3 | 4.3 | 4.3 | 4.2 | -0.1 |
| 12 | - Social payments | 18.6 | 18.6 | 19.1 | 18.4 | 19.0 | 17.8 | 19.2 | 19.4 | 19.7 | 1.1 |
| 13 | - Subsidies | 1.2 | 1.2 | 1.5 | 2.0 | 1.4 | 1.8 | 1.1 | 1.1 | 1.0 | -0.2 |
| 14 | - Gross fixed capital formation | 4.1 | 4.1 | 4.5 | 4.3 | 4.5 | 4.3 | 4.4 | 4.3 | 4.2 | 0.1 |
| 15 | - Other (residual) | 4.7 | 4.8 | 5.1 | 5.0 | 5.2 | 4.4 | 5.0 | 4.8 | 4.8 | 0.1 |
| 16 | - Interest expenditure | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 | 0.3 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | na. | na. |
| 18=1-8 | General government balance (% of GDP) | 0.2 | 0.2 | -1.5 | -1.7 | -1.7 | -1.5 | -1.0 | -0.8 | -0.9 | -1.1 |
| 19=1-9 | Primary balance | 0.3 | 0.3 | -1.3 | -1.5 | -1.5 | -1.1 | -0.7 | -0.4 | -0.4 | -0.7 |
| 20 | Cyclically adjusted balance (% of potential GDP) | 0.9 | 0.5 | -0.8 | -1.1 | -1.6 | -0.8 | -0.9 | -0.7 | -0.9 | -1.8 |
| 21=20+16 | Cyclically adjusted primary balance | 1.1 | 0.7 | -0.6 | -0.8 | -1.4 | -0.5 | -0.6 | -0.3 | -0.4 | -1.5 |
| 22 | One-off measures (% of GDP) | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. | na. |
| 23=20-22 | Structural balance (% of potential GDP) | 0.9 | 0.5 | -0.8 | -1.1 | -1.6 | -0.8 | -0.9 | -0.7 | -0.9 | -1.8 |
| 24=23+16 | Structural primary balance | 1.1 | 0.7 | -0.6 | -0.8 | -1.4 | -0.5 | -0.6 | -0.3 | -0.4 | -1.5 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 16.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|------|------------|------|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | -0.3 | -1.7 | -1.6 | -0.8 | 0.2 |
| 2 | Change in the structural primary balance | na. | -0.3 | -1.7 | -1.5 | -0.8 | 0.3 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -0.9 | | -1.5 | | 1.2 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | | -0.1 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.9 | | -1.4 | | 1.2 | |
| 6 | - Nationally financed net primary current expenditure | -1.3 | | -1.3 | | 1.2 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | -0.1 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | 0.4 | | 0.0 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.5 | | 0.6 | | -0.6 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.4 | | 0.3 | | -0.6 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -0.6 | | -0.1 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -1.1 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 1.6 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 4.8 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 2.9 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 2.0 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 16.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 22.8 | 24.6 | 24.6 | 26.1 | 25.9 | 27.5 | 27.0 | 28.2 | 28.6 | 29.0 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 1.0 | 0.1 | 0.1 | 1.5 | 1.3 | 1.3 | 1.1 | 0.7 | 0.5 | 0.3 |
| | Contributions ² : | | | | | | | | | | |
| 3 | Primary balance | -1.1 | -0.3 | -0.3 | 1.3 | 1.5 | 1.5 | 1.1 | 0.7 | 0.4 | 0.4 |
| 4=5+6+7 | 'Snow-ball' effect | -0.8 | -1.7 | -1.7 | -0.9 | -1.4 | -1.3 | -1.1 | -1.1 | -0.8 | -0.8 |
| | <i>of which:</i> | | | | | | | | | | |
| 5 | - Interest expenditure | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 |
| 6 | - Growth effect | -0.4 | -0.3 | -0.4 | -0.6 | -0.4 | -0.9 | -0.6 | -0.8 | -0.7 | -0.7 |
| 7 | - Inflation effect | -0.7 | -1.5 | -1.5 | -0.5 | -1.3 | -0.5 | -0.8 | -0.6 | -0.6 | -0.6 |
| 8 | 'Stock-flow' adjustment | 2.9 | 2.1 | 2.1 | 1.1 | 1.2 | 1.2 | 1.1 | 1.1 | 0.8 | 0.8 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 16.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

17. HUNGARY

Table 17.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1=6+7+8 | Real GDP (% change) | 4.6 | 4.6 | 1.5 | 0.5 | 4.0 | 2.8 | 4.3 | 4.5 | 4.2 |
| 2 | Private consumption | 6.5 | 6.4 | -0.1 | -0.7 | 3.2 | 2.8 | 4.1 | 4.2 | 4.3 |
| 3 | Gross fixed capital formation | 1.2 | 1.2 | -4.8 | -2.9 | 3.7 | 1.5 | 4.9 | 4.2 | 4.0 |
| 4 | Exports of goods and services | 11.8 | 11.8 | 4.9 | 3.5 | 5.9 | 4.5 | 7.4 | 8.3 | 6.7 |
| 5 | Imports of goods and services | 11.1 | 11.1 | 1.8 | 2.0 | 4.3 | 3.5 | 6.5 | 6.9 | 5.7 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 3.6 | 3.6 | -1.2 | -1.2 | 2.7 | 2.0 | 3.5 | 3.4 | 3.4 |
| 7 | - Change in inventories | 0.3 | 0.3 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | 0.7 | 0.7 | 2.7 | 1.3 | 1.2 | 0.8 | 0.8 | 1.1 | 0.8 |
| 9 | Output gap, as planned (% of potential GDP) | 0.3 | 0.3 | -1.5 | -1.6 | -1.1 | -1.2 | -0.7 | -0.2 | 0.0 |
| 10 | Output gap, as recalculated ¹ | -0.2 | | -1.8 | | -1.2 | | -0.6 | 0.2 | 0.6 |
| 11 | Employment (% change) | 1.3 | 1.7 | 0.0 | 0.0 | 0.4 | 0.5 | 0.1 | 0.1 | 0.1 |
| 12 | Unemployment rate (%) | 3.6 | 3.6 | 3.9 | 4.2 | 3.5 | 4.0 | 3.2 | 3.0 | 2.9 |
| 13 | Labour productivity (% change) | 3.2 | 2.8 | 1.5 | 0.5 | 3.2 | 2.3 | 4.2 | 4.4 | 4.1 |
| 14 | HICP inflation (% change) | 15.3 | 15.3 | 15.0 | 16.4 | 6.0 | 4.0 | 3.0 | 3.0 | 3.0 |
| 15 | GDP deflator | 15.3 | 15.3 | 14.8 | 13.0 | 5.6 | 3.5 | 4.2 | 4.0 | 3.9 |
| 16 | Comp. of employees (per head, % change) | 13.7 | 15.0 | 15.6 | 14.6 | 10.3 | 8.3 | 8.4 | 8.1 | 7.6 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -5.8 | -6.2 | -0.7 | -0.8 | 1.4 | -0.2 | 1.9 | 2.1 | 3.3 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 17.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | Change: 2022-2027 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|------|----------------------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP | CP |
| 1=2+3+4+5 | Revenue (% of GDP) | 41.6 | 41.6 | 42.6 | 43.4 | 40.0 | 41.7 | 39.0 | 38.4 | 38.0 | -3.6 |
| | <i>of which:</i> | | | | | | | | | | |
| 2 | - Taxes on production and imports | 17.8 | 17.8 | 18.3 | 18.2 | 16.6 | 17.0 | 16.1 | 15.8 | 15.5 | -2.3 |
| 3 | - Current taxes on income, wealth, etc. | 6.9 | 6.9 | 7.2 | 6.9 | 7.3 | 6.9 | 7.0 | 6.9 | 6.9 | 0.0 |
| 4 | - Social contributions | 9.8 | 9.8 | 9.8 | 10.1 | 9.8 | 10.2 | 9.8 | 9.7 | 9.7 | -0.1 |
| 5 | - Other (residual) | 7.1 | 7.2 | 7.3 | 8.2 | 6.3 | 7.6 | 6.1 | 6.0 | 5.9 | -1.2 |
| 6 | RRF grants as included in the revenue projections | 0.2 | 0.2 | 0.5 | 0.5 | 1.0 | 0.9 | 0.7 | 0.2 | na. | na. |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 47.8 | 47.8 | 46.5 | 47.3 | 42.9 | 46.0 | 40.9 | 39.8 | 38.9 | -8.9 |
| | <i>of which:</i> | | | | | | | | | | |
| 9 | - Primary expenditure | 45.0 | 45.1 | 42.7 | 43.5 | 38.8 | 41.8 | 37.2 | 36.4 | 35.6 | -9.4 |
| | <i>of which:</i> | | | | | | | | | | |
| 10 | - Compensation of employees | 10.1 | 10.1 | 9.1 | 9.6 | 9.1 | 9.7 | 9.1 | 8.8 | 8.5 | -1.6 |
| 11 | - Intermediate consumption | 8.1 | 8.1 | 8.6 | 8.5 | 7.7 | 8.4 | 7.6 | 7.2 | 6.9 | -1.2 |
| 12 | - Social payments | 11.7 | 11.7 | 11.3 | 11.9 | 11.1 | 11.6 | 10.7 | 10.2 | 9.7 | -2.0 |
| 13 | - Subsidies | 1.8 | 1.8 | 3.1 | 2.7 | 1.9 | 1.1 | 1.8 | 1.6 | 1.5 | -0.3 |
| 14 | - Gross fixed capital formation | 5.3 | 5.3 | 5.1 | 5.3 | 3.7 | 5.1 | 3.1 | 3.1 | 3.9 | -1.4 |
| 15 | - Other (residual) | 8.0 | 8.0 | 5.5 | 5.6 | 5.3 | 5.9 | 4.9 | 5.5 | 5.1 | -2.9 |
| 16 | - Interest expenditure | 2.8 | 2.8 | 3.8 | 3.9 | 4.1 | 4.3 | 3.7 | 3.4 | 3.3 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.2 | 0.2 | 0.4 | 0.5 | 1.0 | 0.9 | 0.7 | 0.2 | na. | na. |
| 18=1-8 | General government balance (% of GDP) | -6.2 | -6.2 | -3.9 | -4.0 | -2.9 | -4.4 | -1.9 | -1.4 | -0.9 | 5.3 |
| 19=1-9 | Primary balance | -3.5 | -3.5 | -0.1 | -0.1 | 1.2 | -0.1 | 1.8 | 2.0 | 2.4 | 5.9 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -6.3 | -6.4 | -3.2 | -3.2 | -2.4 | -3.8 | -1.6 | -1.3 | -0.9 | 5.4 |
| 21=20+16 | Cyclically adjusted primary balance | -3.5 | -3.6 | 0.6 | 0.6 | 1.7 | 0.5 | 2.1 | 2.1 | 2.4 | 5.9 |
| 22 | One-off measures (% of GDP) | -1.4 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 |
| 23=20-22 | Structural balance (% of potential GDP) | -4.9 | -6.4 | -3.6 | -3.2 | -2.4 | -3.8 | -1.6 | -1.3 | -0.9 | 4.0 |
| 24=23+16 | Structural primary balance | -2.1 | -3.6 | 0.2 | 0.6 | 1.7 | 0.5 | 2.1 | 2.1 | 2.4 | 4.5 |

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 17.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|------|
| | | CP | COM | CP | COM | CP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.3 | 1.3 | 3.1 | 1.2 | -0.6 |
| 2 | Change in the structural primary balance | na. | 0.8 | 2.3 | 4.2 | 1.5 | -0.2 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) | -0.4 | | 4.2 | | 0.0 | |
| <i>of which contribution from:</i> | | | | | | | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.6 | | -0.8 | | 0.1 | |
| 5=6+7+8 | - Nationally financed net primary expenditure | -0.9 | | 5.0 | | -0.1 | |
| <i>including,</i> | | | | | | | |
| 6 | - Nationally financed net primary current expenditure | 0.6 | | 2.2 | | 0.2 | |
| 7 | - Nationally financed gross fixed capital formation | 0.2 | | 0.6 | | -0.3 | |
| 8 | - Nationally financed other capital expenditure | -1.7 | | 2.2 | | -0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.6 | | 0.2 | | -0.8 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | -0.1 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.8 | | -0.1 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -3.2 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 2.2 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 4.4 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 7.0 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -2.7 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 17.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|----------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1 | Gross debt ratio¹ (% of GDP) | 72.5 | 73.3 | 73.3 | 69.7 | 70.7 | 66.7 | 71.1 | 63.9 | 59.8 | 56.3 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 0.3 | -3.3 | -3.3 | -3.6 | -2.6 | -3.0 | 0.4 | -2.8 | -4.1 | -3.5 |
| | Contributions ² : | | | | | | | | | | |
| 3 | Primary balance | 1.9 | 3.5 | 3.5 | 0.1 | 0.1 | -1.2 | 0.1 | -1.8 | -2.0 | -2.4 |
| 4=5+6+7 | 'Snow-ball' effect | -3.6 | -10.4 | -10.3 | -6.6 | -4.9 | -2.1 | 0.0 | -1.6 | -1.7 | -1.2 |
| | <i>of which:</i> | | | | | | | | | | |
| 5 | - Interest expenditure | 2.4 | 2.8 | 2.8 | 3.8 | 3.9 | 4.1 | 4.3 | 3.7 | 3.4 | 3.3 |
| 6 | - Growth effect | -2.3 | -2.9 | -2.9 | -0.9 | -0.4 | -2.5 | -1.9 | -2.6 | -2.6 | -2.3 |
| 7 | - Inflation effect | -3.5 | -9.7 | -9.7 | -9.3 | -8.4 | -3.5 | -2.3 | -2.6 | -2.3 | -2.1 |
| 8 | 'Stock-flow' adjustment | 2.0 | 3.5 | 3.5 | 3.1 | 2.2 | 0.0 | 0.4 | 0.6 | -0.4 | 0.2 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 17.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.2 | 0.5 | 1.0 | 0.7 | 0.2 |
| 2 | Cash disbursements of RRF grants from EU | n.a. |

| # | Expenditure financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.2 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.2 | 0.3 | 0.7 | 0.5 | 0.1 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.2 | 0.3 | 0.7 | 0.5 | 0.1 |

| # | Other costs financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

Table 17.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 1.1 |
| 2 | Repayments of RRF loans to EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 | 1.1 |
| 9 | Capital transfers | n.a. |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 | 1.1 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

18. MALTA

Table 18.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 6.9 | 6.9 | 4.1 | 3.9 | 4.5 | 4.1 | 4.6 | 4.2 |
| 2 | Private consumption | 10.1 | 10.1 | 3.8 | 3.8 | 3.9 | 4.0 | 4.0 | 3.6 |
| 3 | Gross fixed capital formation | 30.4 | 30.4 | -6.8 | -5.0 | 3.8 | 3.5 | 4.6 | 5.6 |
| 4 | Exports of goods and services | 6.4 | 6.4 | 4.3 | 3.6 | 5.2 | 3.0 | 5.3 | 4.2 |
| 5 | Imports of goods and services | 9.7 | 9.7 | 2.4 | 2.2 | 4.8 | 2.7 | 5.0 | 3.9 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 10.9 | 10.9 | 0.6 | 1.4 | 3.2 | 3.2 | 3.3 | 3.2 |
| 7 | - Change in inventories | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -4.0 | -4.0 | 3.5 | 2.6 | 1.2 | 0.9 | 1.3 | 1.0 |
| 9 | Output gap, as planned (% of potential GDP) | 0.5 | -0.6 | -0.1 | -1.1 | -0.4 | -1.4 | -0.4 | -0.8 |
| 10 | Output gap, as recalculated ¹ | -0.8 | | -1.1 | | -1.0 | | -0.6 | -0.5 |
| 11 | Employment (% change) | 6.0 | 6.0 | 3.5 | 2.3 | 3.7 | 2.3 | 3.7 | 3.6 |
| 12 | Unemployment rate (%) | 2.9 | 2.9 | 3.0 | 2.9 | 3.1 | 2.9 | 3.1 | 3.1 |
| 13 | Labour productivity (% change) | 0.8 | 0.8 | 0.6 | 1.6 | 0.7 | 1.8 | 0.8 | 0.6 |
| 14 | HICP inflation (% change) | 6.1 | 6.1 | 5.7 | 5.4 | 3.5 | 2.8 | 2.0 | 2.4 |
| 15 | GDP deflator | 5.2 | 5.2 | 4.3 | 4.2 | 3.0 | 3.1 | 2.5 | 2.6 |
| 16 | Comp. of employees (per head, % change) | 2.8 | 2.8 | 5.3 | 5.6 | 3.9 | 3.1 | 2.8 | 2.8 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -2.9 | 2.6 | na. | 4.8 | na. | 5.1 | na. | na. |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 18.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 35.1 | 35.1 | 35.7 | 35.6 | 34.2 | 34.3 | 34.0 | 33.7 | -1.4 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 10.5 | 10.5 | 10.5 | 10.4 | 10.3 | 10.3 | 10.2 | 10.2 | -0.4 |
| 3 | - Current taxes on income, wealth, etc. | 13.6 | 13.6 | 13.4 | 13.4 | 13.3 | 13.3 | 13.2 | 13.3 | -0.4 |
| 4 | - Social contributions | 5.9 | 5.9 | 5.8 | 5.8 | 5.7 | 5.8 | 5.6 | 5.5 | -0.3 |
| 5 | - Other (residual) | 5.0 | 5.0 | 6.0 | 6.0 | 4.9 | 4.9 | 4.9 | 4.7 | -0.3 |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.5 | 0.5 | 0.6 | 0.6 | 0.4 | 0.1 | 0.1 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 40.9 | 40.9 | 40.7 | 40.7 | 38.5 | 38.8 | 37.6 | 36.6 | -4.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 39.9 | 39.9 | 39.5 | 39.5 | 37.1 | 37.4 | 36.1 | 35.1 | -4.8 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.8 | 10.8 | 10.7 | 10.8 | 10.6 | 10.6 | 10.4 | 10.3 | -0.6 |
| 11 | - Intermediate consumption | 8.1 | 8.1 | 8.5 | 8.5 | 8.2 | 8.3 | 8.0 | 7.8 | -0.3 |
| 12 | - Social payments | 8.8 | 8.8 | 8.8 | 8.9 | 8.8 | 8.9 | 8.6 | 8.4 | -0.4 |
| 13 | - Subsidies | 5.0 | 5.0 | 3.7 | 3.8 | 2.9 | 2.9 | 2.6 | 2.2 | -2.9 |
| 14 | - Gross fixed capital formation | 3.3 | 3.3 | 3.8 | 3.8 | 3.1 | 3.1 | 3.1 | 3.2 | -0.1 |
| 15 | - Other (residual) | 3.7 | 3.7 | 4.0 | 3.7 | 3.5 | 3.4 | 3.4 | 3.3 | -0.4 |
| 16 | - Interest expenditure | 1.0 | 1.0 | 1.2 | 1.2 | 1.5 | 1.5 | 1.5 | 1.4 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.1 | 0.5 | 0.5 | 0.6 | 0.6 | 0.4 | 0.1 | 0.1 |
| 18=1-8 | General government balance (% of GDP) | -5.8 | -5.8 | -5.0 | -5.1 | -4.3 | -4.5 | -3.6 | -2.9 | 2.9 |
| 19=1-9 | Primary balance | -4.8 | -4.8 | -3.8 | -3.9 | -2.8 | -3.1 | -2.1 | -1.5 | 3.4 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -6.1 | -5.5 | -4.9 | -4.6 | -4.1 | -3.9 | -3.4 | -2.5 | 3.5 |
| 21=20+16 | Cyclically adjusted primary balance | -5.1 | -4.6 | -3.7 | -3.4 | -2.7 | -2.4 | -1.9 | -1.1 | 4.0 |
| 22 | One-off measures (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | -6.1 | -5.5 | -4.9 | -4.6 | -4.1 | -3.9 | -3.4 | -2.5 | 3.6 |
| 24=23+16 | Structural primary balance | -5.1 | -4.6 | -3.7 | -3.4 | -2.7 | -2.4 | -1.9 | -1.1 | 4.0 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 18.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 1.6 | 1.1 | 0.9 | 0.8 | 0.7 |
| 2 | Change in the structural primary balance | na. | 1.5 | 1.4 | 1.2 | 1.0 | 1.0 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -0.2 | | 0.4 | | 2.3 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.2 | | -0.7 | | 0.8 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.4 | | 1.1 | | 1.5 | |
| 6 | - Nationally financed net primary current expenditure | -0.9 | | 0.8 | | 1.5 | |
| 7 | - Nationally financed gross fixed capital formation | 0.2 | | 0.3 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | 0.3 | | 0.0 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.9 | | -0.8 | | -0.2 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.4 | | -0.8 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -4.6 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 4.6 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 5.9 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 3.6 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 2.2 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 18.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 48.0 | 53.4 | 53.4 | 54.5 | 54.8 | 55.7 | 56.1 | 56.2 | 56.1 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 0.1 | -1.7 | -1.7 | 1.1 | 1.4 | 1.3 | 1.3 | 0.5 | -0.1 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 0.9 | 4.8 | 4.8 | 3.8 | 3.9 | 2.8 | 3.1 | 2.1 | 1.5 |
| 4=5+6+7 | 'Snow-ball' effect | -2.1 | -5.1 | -5.1 | -3.0 | -2.9 | -2.4 | -2.2 | -2.3 | -2.2 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.4 | 1.0 | 1.0 | 1.2 | 1.2 | 1.5 | 1.5 | 1.5 | 1.4 |
| 6 | - Growth effect | -2.5 | -3.4 | -3.4 | -2.0 | -1.9 | -2.3 | -2.1 | -2.4 | -2.2 |
| 7 | - Inflation effect | -0.9 | -2.6 | -2.6 | -2.1 | -2.1 | -1.5 | -1.6 | -1.3 | -1.4 |
| 8 | 'Stock-flow' adjustment | 1.2 | -1.4 | -1.4 | 0.3 | 0.4 | 0.8 | 0.5 | 0.7 | 0.7 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 18.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.1 | 0.5 | 0.6 | 0.4 | 0.1 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.3 | 0.0 | 0.4 | 0.1 | 0.0 | 0.0 |

| # | Expenditure financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.1 | 0.5 | 0.6 | 0.4 | 0.1 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.1 | 0.5 | 0.6 | 0.4 | 0.1 |

| # | Other costs financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

19. THE NETHERLANDS

Table 19.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|------|-------------|------|-------------|------|------------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 4.5 | 4.5 | 1.6 | 1.8 | 1.4 | 1.2 | 1.1 | 1.1 | 1.1 |
| 2 | Private consumption | 6.6 | 6.5 | 1.7 | 2.1 | 1.4 | 1.2 | 1.2 | 1.4 | 1.5 |
| 3 | Gross fixed capital formation | 3.1 | 2.5 | 0.3 | 1.7 | 1.3 | 1.1 | 1.8 | 1.3 | 1.1 |
| 4 | Exports of goods and services | 5.3 | 4.7 | 3.7 | 3.8 | 2.3 | 1.8 | 2.5 | 2.4 | 2.2 |
| 5 | Imports of goods and services | 4.4 | 4.1 | 4.2 | 4.1 | 2.5 | 2.0 | 3.2 | 2.9 | 2.9 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 4.0 | 3.7 | 1.7 | 1.8 | 1.4 | 1.1 | 1.4 | 1.4 | 1.6 |
| 7 | - Change in inventories | -0.3 | 0.0 | 0.2 | -0.1 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 |
| 8 | - Net exports | 1.2 | 0.9 | -0.1 | 0.0 | 0.1 | 0.0 | -0.3 | -0.2 | -0.3 |
| 9 | Output gap, as planned (% of potential GDP) | 1.4 | 1.2 | 1.1 | 1.1 | 0.6 | 0.4 | 0.2 | -0.1 | -0.4 |
| 10 | Output gap, as recalculated ¹ | 1.2 | | 1.0 | | 0.5 | | 0.0 | -0.2 | -0.3 |
| 11 | Employment (% change) | 3.9 | 4.0 | 1.4 | 1.0 | 0.3 | 0.7 | 0.0 | -0.1 | -0.1 |
| 12 | Unemployment rate (%) | 3.5 | 3.5 | 3.9 | 3.8 | 4.1 | 3.9 | 4.2 | 4.4 | 4.6 |
| 13 | Labour productivity (% change) | 0.6 | 0.5 | 0.2 | 0.8 | 1.1 | 0.5 | 1.1 | 1.2 | 1.2 |
| 14 | HICP inflation (% change) | 11.6 | 11.6 | 2.9 | 4.9 | 3.2 | 3.3 | 2.2 | 2.2 | 2.3 |
| 15 | GDP deflator | 5.4 | 5.3 | 6.2 | 6.1 | 3.0 | 2.6 | 2.8 | 2.7 | 2.5 |
| 16 | Comp. of employees (per head, % change) | 3.3 | 3.9 | 5.9 | 5.5 | 5.1 | 4.8 | 5.2 | 4.9 | 4.2 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 6.5 | 4.5 | 6.6 | 6.0 | 6.8 | 6.2 | 6.7 | 6.7 | 6.5 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 19.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | Change: 2022-2027 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 43.5 | 44.5 | 42.0 | 43.6 | 41.9 | 43.6 | 42.4 | 42.5 | 42.5 | -1.0 |
| | <i>of which:</i> | | | | | | | | | | |
| 2 | - Taxes on production and imports | 11.4 | 11.4 | 11.8 | 11.8 | 11.8 | 12.0 | 11.7 | 11.7 | 11.7 | 0.2 |
| 3 | - Current taxes on income, wealth, etc. | 14.2 | 14.3 | 12.9 | 13.8 | 13.0 | 13.8 | 13.2 | 13.6 | 13.5 | -0.6 |
| 4 | - Social contributions | 13.2 | 13.3 | 13.3 | 13.4 | 13.2 | 13.5 | 13.8 | 13.7 | 13.8 | 0.7 |
| 5 | - Other (residual) | 4.7 | 5.4 | 4.0 | 4.5 | 3.9 | 4.2 | 3.8 | 3.6 | 3.5 | -1.3 |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | na. | na. |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 44.2 | 44.5 | 45.1 | 45.7 | 44.5 | 45.2 | 45.0 | 45.3 | 45.7 | 1.5 |
| | <i>of which:</i> | | | | | | | | | | |
| 9 | - Primary expenditure | 43.7 | 43.9 | 44.4 | 45.0 | 43.8 | 44.5 | 44.3 | 44.5 | 44.7 | 1.0 |
| | <i>of which:</i> | | | | | | | | | | |
| 10 | - Compensation of employees | 8.2 | 8.4 | 8.0 | 8.3 | 8.2 | 8.4 | 8.3 | 8.3 | 8.4 | 0.2 |
| 11 | - Intermediate consumption | 6.0 | 6.4 | 6.2 | 6.4 | 6.0 | 6.3 | 5.8 | 5.7 | 5.6 | -0.4 |
| 12 | - Social payments | 21.0 | 20.6 | 21.4 | 21.1 | 21.7 | 21.3 | 22.1 | 22.6 | 23.0 | 2.0 |
| 13 | - Subsidies | 2.1 | 1.9 | 2.6 | 2.8 | 2.0 | 2.2 | 1.9 | 2.0 | 1.9 | -0.2 |
| 14 | - Gross fixed capital formation | 3.3 | 3.2 | 3.4 | 3.3 | 3.5 | 3.3 | 3.6 | 3.7 | 3.6 | 0.3 |
| 15 | - Other (residual) | 2.9 | 3.4 | 2.8 | 3.1 | 2.5 | 2.9 | 2.5 | 2.2 | 2.2 | -0.8 |
| 16 | - Interest expenditure | 0.5 | 0.5 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.9 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | na. | na. |
| 18=1-8 | General government balance (% of GDP) | -0.7 | 0.0 | -3.0 | -2.1 | -2.6 | -1.7 | -2.6 | -2.8 | -3.2 | -2.5 |
| 19=1-9 | Primary balance | -0.2 | 0.6 | -2.4 | -1.4 | -1.9 | -1.0 | -1.9 | -1.9 | -2.2 | -2.0 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -1.5 | -0.7 | -3.6 | -2.7 | -3.0 | -1.9 | -2.7 | -2.7 | -3.0 | -1.5 |
| 21=20+16 | Cyclically adjusted primary balance | na. | -0.2 | na. | -2.0 | na. | -1.2 | na. | na. | na. | na. |
| 22 | One-off measures (% of GDP) | 0.2 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 |
| 23=20-22 | Structural balance (% of potential GDP) | -1.7 | -0.7 | -3.7 | -2.7 | -3.0 | -1.9 | -2.7 | -2.7 | -3.0 | -1.3 |
| 24=23+16 | Structural primary balance | -1.2 | -0.2 | -3.1 | -2.0 | -2.3 | -1.2 | -2.0 | -1.9 | -2.1 | -0.9 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 19.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|----------|---|------|------------|------------|------------|-------|-----|
| | | SP | COM | SP | COM | SP | COM |
| | Balance-based structural fiscal indicators | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.9 | -2.0 | -2.0 | 0.7 | 0.8 |
| 2 | Change in the structural primary balance | na. | 0.9 | -1.9 | -1.9 | 0.7 | 0.9 |
| | | | COM | COM | COM | | |
| | Net expenditure-based structural fiscal indicators | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -0.5 | | -1.1 | | 1.1 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | | 0.0 | | 0.0 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -0.5 | | -1.1 | | 1.1 | |
| 6 | - Nationally financed net primary current expenditure | -0.4 | | -0.9 | | 1.2 | |
| 7 | - Nationally financed gross fixed capital formation | 0.1 | | 0.0 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | -0.1 | | 0.0 | |
| | p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.6 | | 0.5 | | -1.1 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.1 | | 0.4 | | -0.5 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | -0.1 | |
| | p.m.: Pandemic-related measures (% of GDP) | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.5 | | -0.3 | | 0.0 | |
| | Background structural fiscal indicators | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -2.7 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.75 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | Nb | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 2.0 | |
| | Setting the recommended fiscal adjustment for 2024 | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 3.5 | |
| | Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 1.7 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 1.7 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 19.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 53.0 | 49.3 | 51.0 | 48.4 | 49.3 | 48.7 | 48.8 | 49.8 | 51.0 | 52.7 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -1.9 | -3.1 | -1.5 | -0.9 | -1.7 | 0.3 | -0.4 | 1.1 | 1.2 | 1.6 |
| | Contributions ² : | | | | | | | | | | |
| 3 | Primary balance | -0.5 | 0.2 | -0.6 | 2.4 | 1.4 | 1.9 | 1.0 | 1.9 | 1.9 | 2.2 |
| 4=5+6+7 | 'Snow-ball' effect | -1.3 | -4.3 | -4.2 | -3.0 | -3.1 | -1.4 | -1.1 | -1.1 | -1.0 | -0.8 |
| | <i>of which:</i> | | | | | | | | | | |
| 5 | - Interest expenditure | 0.8 | 0.5 | 0.5 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.9 |
| 6 | - Growth effect | -0.9 | -2.1 | -2.1 | -0.7 | -0.9 | -0.6 | -0.6 | -0.5 | -0.5 | -0.5 |
| 7 | - Inflation effect | -1.2 | -2.6 | -2.5 | -2.8 | -2.9 | -1.4 | -1.2 | -1.3 | -1.3 | -1.2 |
| 8 | 'Stock-flow' adjustment | -0.1 | 1.0 | 3.3 | -0.4 | 0.0 | -0.2 | -0.3 | 0.3 | 0.3 | 0.3 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 19.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

20. AUSTRIA

Table 20.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 5.0 | 5.0 | 0.3 | 0.4 | 1.8 | 1.6 | 2.1 | 2.0 |
| 2 | Private consumption | 4.1 | 4.1 | 1.3 | 1.4 | 2.0 | 2.1 | 2.4 | 2.2 |
| 3 | Gross fixed capital formation | -0.9 | -0.9 | 0.0 | 0.0 | 1.0 | 1.1 | 2.4 | 2.3 |
| 4 | Exports of goods and services | 11.1 | 11.1 | 2.0 | 1.5 | 3.3 | 2.5 | 3.4 | 3.0 |
| 5 | Imports of goods and services | 5.7 | 5.7 | 2.1 | 2.0 | 3.2 | 2.3 | 3.1 | 3.3 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 2.5 | 2.5 | 0.7 | 0.6 | 1.4 | 1.4 | 1.9 | 2.1 |
| 7 | - Change in inventories | -0.5 | -0.3 | -0.4 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | 3.0 | 3.0 | 0.0 | -0.2 | 0.1 | 0.2 | 0.2 | -0.1 |
| 9 | Output gap, as planned (% of potential GDP) | 1.2 | 1.1 | 0.0 | 0.0 | 0.4 | 0.2 | 0.3 | 0.1 |
| 10 | Output gap, as recalculated ¹ | 1.1 | | -0.3 | | -0.2 | | 0.0 | 0.2 |
| 11 | Employment (% change) | 2.6 | 2.6 | 0.7 | 0.6 | 1.2 | 0.9 | 0.6 | 0.4 |
| 12 | Unemployment rate (%) | 4.8 | 4.8 | 4.7 | 4.9 | 4.5 | 5.0 | 4.4 | 4.3 |
| 13 | Labour productivity (% change) | 2.3 | 2.3 | -0.5 | -0.2 | 0.6 | 0.7 | 1.5 | 1.6 |
| 14 | HICP inflation (% change) | 8.6 | 8.6 | 7.1 | 7.1 | 3.8 | 3.8 | 3.0 | 2.5 |
| 15 | GDP deflator | 5.0 | 5.0 | 7.1 | 7.2 | 4.2 | 4.2 | 3.1 | 2.6 |
| 16 | Comp. of employees (per head, % change) | 4.9 | 4.6 | 8.1 | 8.3 | 7.8 | 6.6 | 5.0 | 4.2 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 0.5 | 0.2 | 1.6 | 0.8 | 2.1 | 1.2 | na. | na. |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 20.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 49.5 | 49.5 | 49.1 | 49.1 | 49.0 | 48.8 | 48.8 | 48.6 | -0.9 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 13.8 | 13.8 | 14.2 | 14.0 | 13.9 | 13.9 | 13.7 | 13.6 | -0.2 |
| 3 | - Current taxes on income, wealth, etc. | 14.4 | 14.4 | 13.5 | 13.8 | 13.7 | 13.5 | 13.6 | 13.8 | -0.6 |
| 4 | - Social contributions | 15.1 | 15.1 | 15.2 | 15.2 | 15.5 | 15.4 | 15.5 | 15.5 | 0.4 |
| 5 | - Other (residual) | 6.2 | 6.2 | 6.3 | 6.1 | 6.0 | 6.1 | 5.9 | 5.8 | -0.4 |
| 6 | RRF grants as included in the revenue projections | 0.2 | 0.2 | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | -0.1 |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 52.7 | 52.7 | 52.3 | 51.6 | 50.6 | 50.1 | 50.1 | 49.9 | -2.8 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 51.8 | 51.8 | 51.1 | 50.4 | 49.2 | 48.9 | 48.6 | 48.2 | -3.5 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.3 | 10.3 | 10.4 | 10.5 | 10.6 | 10.6 | 10.5 | 10.3 | 0.0 |
| 11 | - Intermediate consumption | 7.2 | 7.2 | 6.6 | 6.8 | 6.4 | 6.5 | 6.3 | 6.2 | -1.0 |
| 12 | - Social payments | 22.5 | 22.5 | 22.4 | 22.0 | 22.6 | 22.5 | 22.6 | 22.5 | 0.0 |
| 13 | - Subsidies | 2.4 | 2.4 | 3.6 | 3.7 | 1.7 | 2.0 | 1.6 | 1.5 | -0.9 |
| 14 | - Gross fixed capital formation | 3.3 | 3.3 | 3.5 | 3.4 | 3.4 | 3.3 | 3.3 | 3.3 | 0.0 |
| 15 | - Other (residual) | 5.9 | 6.0 | 4.7 | 4.2 | 4.5 | 4.0 | 4.4 | 4.3 | -1.7 |
| 16 | - Interest expenditure | 0.9 | 0.9 | 1.2 | 1.1 | 1.4 | 1.3 | 1.5 | 1.6 | 0.7 |
| 17=6-7 | Expenditure financed by RRF grants | 0.2 | 0.2 | 0.3 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | -0.1 |
| 18=1-8 | General government balance (% of GDP) | -3.2 | -3.2 | -3.2 | -2.4 | -1.6 | -1.3 | -1.4 | -1.3 | 1.9 |
| 19=1-9 | Primary balance | -2.2 | -2.2 | -2.0 | -1.3 | -0.2 | -0.1 | 0.1 | 0.4 | 2.6 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -3.9 | -3.8 | -3.2 | -2.5 | -1.8 | -1.5 | -1.5 | -1.3 | 2.5 |
| 21=20+16 | Cyclically adjusted primary balance | -2.9 | -2.9 | -2.0 | -1.3 | -0.4 | -0.2 | 0.0 | 0.3 | 3.2 |
| 22 | One-off measures (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | -3.9 | -3.8 | -3.2 | -2.5 | -1.8 | -1.5 | -1.5 | -1.3 | 2.5 |
| 24=23+16 | Structural primary balance | -2.9 | -2.9 | -2.0 | -1.3 | -0.4 | -0.2 | 0.0 | 0.3 | 3.2 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 20.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.6 | 0.6 | 1.4 | 1.4 | 1.0 |
| 2 | Change in the structural primary balance | na. | 0.5 | 0.9 | 1.5 | 1.6 | 1.1 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -2.8 | | 1.0 | | 0.9 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | -0.1 | | -0.1 | | 0.2 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -2.7 | | 1.1 | | 0.7 | |
| 6 | - Nationally financed net primary current expenditure | -1.8 | | 0.3 | | 0.6 | |
| 7 | - Nationally financed gross fixed capital formation | 0.1 | | -0.1 | | 0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.9 | | 0.9 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.5 | | 0.3 | | -1.7 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.2 | | 0.2 | | -0.4 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.2 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -3.5 | | -0.8 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -2.5 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 2.0 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 4.6 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 4.0 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 0.6 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 20.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 77.7 | 78.4 | 78.4 | 77.0 | 75.4 | 75.1 | 72.7 | 73.3 | 71.4 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -0.1 | -4.0 | -4.0 | -1.4 | -3.0 | -1.9 | -2.7 | -1.8 | -1.9 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 1.3 | 2.2 | 2.2 | 2.0 | 1.3 | 0.2 | 0.1 | -0.1 | -0.4 |
| 4=5+6+7 | 'Snow-ball' effect | -0.6 | -6.7 | -6.7 | -4.2 | -4.4 | -3.0 | -2.9 | -2.2 | -1.6 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.5 | 0.9 | 0.9 | 1.2 | 1.1 | 1.4 | 1.3 | 1.5 | 1.6 |
| 6 | - Growth effect | -0.7 | -3.7 | -3.7 | -0.2 | -0.3 | -1.3 | -1.1 | -1.5 | -1.4 |
| 7 | - Inflation effect | -1.3 | -3.7 | -3.7 | -5.2 | -5.2 | -3.1 | -3.0 | -2.2 | -1.8 |
| 8 | 'Stock-flow' adjustment | -0.8 | 0.5 | 0.5 | 0.8 | 0.1 | 0.9 | 0.1 | 0.6 | 0.1 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 20.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.1 | 0.0 | 0.3 | 0.1 | 0.1 | 0.1 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

21. POLAND

Table 21.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1=6+7+8 | Real GDP (% change) | 5.1 | 5.1 | 0.9 | 0.7 | 2.8 | 2.7 | 3.2 | 3.0 |
| 2 | Private consumption | 3.3 | 3.3 | 0.7 | -0.1 | 2.5 | 2.7 | 2.7 | 2.7 |
| 3 | Gross fixed capital formation | 5.0 | 5.0 | 1.1 | 2.0 | 4.3 | 3.1 | 5.3 | 4.7 |
| 4 | Exports of goods and services | 6.2 | 6.2 | 1.7 | 2.3 | 3.9 | 3.6 | 3.9 | 3.7 |
| 5 | Imports of goods and services | 6.2 | 6.2 | -0.3 | 0.0 | 3.7 | 3.1 | 3.8 | 3.7 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 4.9 | 2.3 | -0.3 | 0.4 | 2.6 | 2.5 | 2.9 | 2.8 |
| 7 | - Change in inventories | 2.6 | 2.6 | -1.0 | -1.1 | 0.0 | -0.3 | 0.0 | 0.0 |
| 8 | - Net exports | 0.2 | 0.2 | 1.2 | 1.4 | 0.2 | 0.5 | 0.2 | 0.1 |
| 9 | Output gap, as planned (% of potential GDP) | 1.7 | 1.9 | -0.5 | -1.0 | -0.8 | -1.7 | -0.5 | -0.3 |
| 10 | Output gap, as recalculated ¹ | 1.8 | | -0.9 | | -1.5 | | -0.7 | 0.1 |
| 11 | Employment (% change) | 0.5 | 0.4 | -0.3 | 0.1 | 0.4 | 0.3 | 0.4 | 0.0 |
| 12 | Unemployment rate (%) | 2.9 | 2.9 | 3.2 | 3.3 | 3.1 | 3.2 | 3.0 | 3.0 |
| 13 | Labour productivity (% change) | na. | 4.7 | na. | 0.6 | na. | 2.4 | na. | na. |
| 14 | HICP inflation (% change) | 13.2 | 13.2 | 11.6 | 11.7 | 6.5 | 6.0 | 3.9 | 3.1 |
| 15 | GDP deflator | 11.3 | 11.3 | 10.9 | 11.8 | 6.4 | 5.8 | 3.8 | 3.0 |
| 16 | Comp. of employees (per head, % change) | 15.0 | 13.2 | 11.6 | 12.7 | 9.6 | 8.3 | 6.6 | 5.9 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -2.7 | -2.8 | 0.5 | -0.5 | 0.8 | 1.1 | 1.4 | 1.0 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 21.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1=2+3+4+5 | Revenue (% of GDP) | 39.8 | 39.8 | 41.8 | 41.7 | 41.3 | 41.1 | 41.4 | 40.8 | 1.0 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 13.7 | 13.7 | 15.0 | 15.0 | 14.4 | 14.4 | 14.4 | 14.2 | 0.5 |
| 3 | - Current taxes on income, wealth, etc. | 7.6 | 7.6 | 7.4 | 7.4 | 7.8 | 7.6 | 7.9 | 8.1 | 0.5 |
| 4 | - Social contributions | 13.7 | 13.7 | 13.7 | 13.7 | 13.9 | 13.6 | 13.9 | 13.9 | 0.2 |
| 5 | - Other (residual) | 4.8 | 4.8 | 5.7 | 5.6 | 5.2 | 5.5 | 5.2 | 4.6 | -0.2 |
| 6 | RRF grants as included in the revenue projections | na. | 0.0 | na. | 0.8 | na. | 0.8 | na. | na. | na. |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 43.5 | 43.5 | 46.6 | 46.6 | 44.7 | 44.8 | 44.3 | 43.8 | 0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 41.9 | 42.0 | 44.5 | 44.6 | 42.5 | 42.8 | 42.2 | 41.6 | -0.3 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 9.7 | 9.7 | 9.8 | 9.8 | 9.9 | 9.9 | 9.7 | 9.6 | -0.1 |
| 11 | - Intermediate consumption | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.2 | 6.2 | -0.1 |
| 12 | - Social payments | 17.1 | 17.1 | 17.2 | 17.1 | 17.4 | 17.6 | 17.9 | 18.1 | 1.0 |
| 13 | - Subsidies | 0.9 | 0.9 | 2.9 | 3.2 | 0.8 | 0.8 | 0.4 | 0.4 | -0.5 |
| 14 | - Gross fixed capital formation | 4.0 | 4.0 | 4.2 | 4.1 | 4.2 | 4.2 | 4.2 | 4.3 | 0.3 |
| 15 | - Other (residual) | 3.9 | 4.0 | 4.1 | 4.1 | 3.9 | 4.0 | 3.8 | 3.0 | -0.9 |
| 16 | - Interest expenditure | 1.6 | 1.6 | 2.1 | 2.0 | 2.2 | 2.1 | 2.1 | 2.2 | 0.6 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 0.3 | 0.3 |
| 18=1-8 | General government balance (% of GDP) | -3.7 | -3.7 | -4.7 | -5.0 | -3.4 | -3.7 | -2.9 | -2.9 | 0.8 |
| 19=1-9 | Primary balance | -2.2 | -2.2 | -2.6 | -3.0 | -1.2 | -1.7 | -0.8 | -0.7 | 1.5 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -4.6 | -4.7 | -4.5 | -4.5 | -3.1 | -2.9 | -2.7 | -2.8 | 1.8 |
| 21=20+16 | Cyclically adjusted primary balance | -3.0 | -3.2 | -2.4 | -2.5 | -0.9 | -0.8 | -0.5 | -0.6 | 2.4 |
| 22 | One-off measures (% of GDP) | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 |
| 23=20-22 | Structural balance (% of potential GDP) | -4.8 | -5.0 | -4.5 | -4.5 | -3.1 | -2.9 | -2.7 | -2.8 | 2.0 |
| 24=23+16 | Structural primary balance | -3.2 | -3.4 | -2.4 | -2.5 | -0.9 | -0.8 | -0.6 | -0.6 | 2.6 |

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 21.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|------|------------|-----|------------|-----|
| | | CP | COM | CP | COM | CP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | -2.8 | 0.3 | 0.5 | 1.4 | 1.6 |
| 2 | Change in the structural primary balance | na. | -2.4 | 0.8 | 1.0 | 1.5 | 1.6 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -3.0 | | -0.8 | | 1.5 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.3 | | -0.8 | | 0.1 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -3.3 | | 0.0 | | 1.4 | |
| 6 | - Nationally financed net primary current expenditure | -2.3 | | -0.8 | | 1.5 | |
| 7 | - Nationally financed gross fixed capital formation | -0.2 | | 0.2 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.8 | | 0.6 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.9 | | -0.2 | | -1.3 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.1 | | 0.1 | | -0.1 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.5 | | -0.2 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.7 | | -0.7 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -4.5 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 3.5 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 7.8 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 5.6 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 2.2 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 21.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1 | Gross debt ratio¹ (% of GDP) | 51.2 | 49.1 | 49.1 | 50.5 | 50.5 | 52.4 | 53.0 | 53.6 | 55.4 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -0.2 | -4.5 | -4.5 | 1.3 | 1.4 | 1.9 | 2.5 | 1.3 | 1.7 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 0.9 | 2.2 | 2.2 | 2.6 | 3.0 | 1.2 | 1.7 | 0.8 | 0.7 |
| 4=5+6+7 | 'Snow-ball' effect | -2.2 | -6.3 | -6.2 | -3.2 | -3.5 | -2.1 | -1.9 | -1.4 | -0.9 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.4 | 1.6 | 1.6 | 2.1 | 2.0 | 2.2 | 2.1 | 2.1 | 2.2 |
| 6 | - Growth effect | -2.0 | -2.3 | -2.4 | -0.4 | -0.3 | -1.3 | -1.2 | -1.6 | -1.5 |
| 7 | - Inflation effect | -1.5 | -5.2 | -5.2 | -4.8 | -5.1 | -3.0 | -2.7 | -1.8 | -1.5 |
| 8 | 'Stock-flow' adjustment | 1.1 | -0.4 | -0.4 | 2.0 | 1.8 | 2.8 | 2.8 | 1.8 | 2.0 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 21.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | n.a. |
| 2 | Cash disbursements of RRF grants from EU | n.a. |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.1 |
| 8 | Gross fixed capital formation | n.a. |
| 9 | Capital transfers | n.a. |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.4 | 0.5 | 0.6 | 0.2 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

Table 21.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | n.a. |
| 2 | Repayments of RRF loans to EU | n.a. |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | n.a. |
| 9 | Capital transfers | n.a. |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 | 0.2 | 0.0 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

22. PORTUGAL

Table 22.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|------|-------------|------|------------|------|-------------|------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 6.7 | 6.7 | 1.8 | 2.4 | 2.0 | 1.8 | 2.0 | 1.9 | 1.8 |
| 2 | Private consumption | 5.8 | 5.8 | 0.6 | 0.5 | 1.3 | 1.5 | 1.4 | 1.5 | 1.6 |
| 3 | Gross fixed capital formation | 3.0 | 3.0 | 3.4 | 2.9 | 5.3 | 3.6 | 4.0 | 3.1 | 1.2 |
| 4 | Exports of goods and services | 16.7 | 16.7 | 4.3 | 5.4 | 4.0 | 3.2 | 4.3 | 4.1 | 4.0 |
| 5 | Imports of goods and services | 11.1 | 11.1 | 3.7 | 3.3 | 4.1 | 3.6 | 4.1 | 3.8 | 3.1 |
| | Contributions to real GDP growth (pps.) | | | | | | | | | |
| 6 | - Final domestic demand | 4.6 | 4.6 | 1.6 | 1.4 | 2.1 | 1.9 | 1.9 | 1.8 | 1.4 |
| 7 | - Change in inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | 2.1 | 2.0 | 0.2 | 1.0 | -0.1 | -0.2 | 0.1 | 0.2 | 0.4 |
| 9 | Output gap, as planned (% of potential GDP) | 1.0 | 1.3 | 0.5 | 1.7 | 0.5 | 1.3 | 0.5 | 0.5 | 0.5 |
| 10 | Output gap, as recalculated ¹ | 1.4 | | 1.3 | | 0.9 | | 0.8 | 0.7 | 0.6 |
| 11 | Employment (% change) | 2.0 | 2.0 | 0.3 | 0.5 | 0.5 | 0.6 | 0.3 | 0.2 | 0.1 |
| 12 | Unemployment rate (%) | 6.0 | 6.0 | 6.7 | 6.5 | 6.4 | 6.3 | 6.2 | 6.0 | 5.8 |
| 13 | Labour productivity (% change) | 4.6 | 4.6 | 1.4 | 1.9 | 1.5 | 1.1 | 1.7 | 1.7 | 1.7 |
| 14 | HICP inflation (% change) | 8.1 | 8.1 | 5.1 | 5.1 | 2.9 | 2.7 | 2.1 | 2.0 | 2.0 |
| 15 | GDP deflator | 4.4 | 4.4 | 5.7 | 5.8 | 3.0 | 2.3 | 2.4 | 2.3 | 2.1 |
| 16 | Comp. of employees (per head, % change) | 6.0 | 6.1 | 6.9 | 5.7 | 4.9 | 2.9 | 4.8 | 4.6 | 3.8 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -0.6 | -0.6 | 2.4 | 2.0 | 1.0 | 1.8 | 1.5 | 1.5 | 1.3 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 22.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 | Change: 2022-2027 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 44.4 | 44.4 | 44.4 | 44.4 | 43.9 | 44.2 | 43.7 | 43.3 | 42.2 | -2.1 |
| | <i>of which:</i> | | | | | | | | | | |
| 2 | - Taxes on production and imports | 15.1 | 15.1 | 14.7 | 14.9 | 14.7 | 15.3 | 14.6 | 14.5 | 14.4 | -0.7 |
| 3 | - Current taxes on income, wealth, etc. | 10.7 | 10.7 | 10.4 | 10.5 | 10.3 | 10.2 | 10.2 | 10.2 | 10.2 | -0.6 |
| 4 | - Social contributions | 12.4 | 12.4 | 12.2 | 12.1 | 12.2 | 12.0 | 12.2 | 12.3 | 12.3 | -0.1 |
| 5 | - Other (residual) | 6.1 | 6.1 | 7.2 | 7.0 | 6.8 | 6.7 | 6.6 | 6.4 | 5.4 | -0.7 |
| 6 | RRF grants as included in the revenue projections | 0.3 | 0.3 | 1.4 | 1.4 | 1.3 | 1.3 | 1.1 | 0.9 | na. | na. |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 44.8 | 44.8 | 44.8 | 44.5 | 44.1 | 44.3 | 43.7 | 43.3 | 42.1 | -2.6 |
| | <i>of which:</i> | | | | | | | | | | |
| 9 | - Primary expenditure | 42.8 | 42.8 | 42.5 | 42.4 | 41.4 | 41.6 | 41.0 | 40.5 | 39.3 | -3.5 |
| | <i>of which:</i> | | | | | | | | | | |
| 10 | - Compensation of employees | 10.8 | 10.8 | 10.7 | 10.8 | 10.6 | 10.7 | 10.5 | 10.4 | 10.3 | -0.5 |
| 11 | - Intermediate consumption | 5.7 | 5.7 | 5.9 | 6.0 | 5.7 | 5.9 | 5.6 | 5.6 | 5.5 | -0.2 |
| 12 | - Social payments | 18.7 | 18.7 | 17.9 | 17.8 | 17.9 | 18.0 | 17.8 | 17.7 | 17.5 | -1.2 |
| 13 | - Subsidies | 1.1 | 1.1 | 1.1 | 0.9 | 0.6 | 0.5 | 0.6 | 0.6 | 0.6 | -0.5 |
| 14 | - Gross fixed capital formation | 2.5 | 2.5 | 3.2 | 3.1 | 3.4 | 3.2 | 3.5 | 3.4 | 2.9 | 0.4 |
| 15 | - Other (residual) | 4.1 | 4.1 | 3.5 | 3.9 | 3.1 | 3.4 | 3.0 | 2.9 | 2.6 | -1.5 |
| 16 | - Interest expenditure | 2.0 | 2.0 | 2.3 | 2.2 | 2.7 | 2.7 | 2.8 | 2.8 | 2.8 | 0.8 |
| 17=6-7 | Expenditure financed by RRF grants | 0.3 | 0.3 | 1.5 | 1.4 | 1.3 | 1.3 | 1.1 | 0.9 | na. | na. |
| 18=1-8 | General government balance (% of GDP) | -0.4 | -0.4 | -0.4 | -0.1 | -0.2 | -0.1 | -0.1 | 0.0 | 0.1 | 0.5 |
| 19=1-9 | Primary balance | 1.6 | 1.6 | 1.9 | 2.0 | 2.6 | 2.6 | 2.7 | 2.8 | 2.9 | 1.3 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -1.0 | -1.1 | -0.6 | -1.1 | -0.4 | -0.8 | -0.4 | -0.2 | -0.2 | 0.8 |
| 21=20+16 | Cyclically adjusted primary balance | 1.0 | 0.9 | 1.7 | 1.1 | 2.3 | 1.9 | 2.4 | 2.6 | 2.6 | 1.6 |
| 22 | One-off measures (% of GDP) | -0.1 | -0.2 | -0.2 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.9 | -0.8 | -0.5 | -0.8 | -0.4 | -0.8 | -0.4 | -0.2 | -0.2 | 0.7 |
| 24=23+16 | Structural primary balance | 1.1 | 1.1 | 1.8 | 1.3 | 2.3 | 1.9 | 2.4 | 2.6 | 2.6 | 1.5 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 22.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.4 | 0.4 | 0.0 | 0.0 | 0.0 |
| 2 | Change in the structural primary balance | na. | 0.0 | 0.7 | 0.2 | 0.5 | 0.6 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -1.5 | | -0.7 | | 0.7 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.5 | | -1.0 | | 0.2 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -2.0 | | 0.3 | | 0.5 | |
| 6 | - Nationally financed net primary current expenditure | -1.9 | | 0.3 | | 0.5 | |
| 7 | - Nationally financed gross fixed capital formation | 0.1 | | -0.3 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | 0.3 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 2.0 | | -1.1 | | -0.8 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 1.0 | | -0.7 | | -0.3 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.2 | | -0.8 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -0.8 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 0.3 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 1.8 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 2.8 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -1.0 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 22.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 | 2027 |
|---------|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 124.9 | 113.9 | 113.9 | 107.5 | 106.2 | 103.0 | 103.1 | 99.2 | 95.6 | 92.0 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -1.2 | -11.5 | -11.5 | -6.4 | -7.7 | -4.5 | -3.1 | -3.8 | -3.5 | -3.6 |
| | Contributions ² : | | | | | | | | | | |
| 3 | Primary balance | -0.7 | -1.6 | -1.6 | -1.9 | -2.0 | -2.6 | -2.6 | -2.7 | -2.8 | -2.9 |
| 4=5+6+7 | 'Snow-ball' effect | -0.5 | -10.9 | -10.9 | -5.7 | -6.6 | -2.5 | -1.5 | -1.6 | -1.2 | -0.9 |
| | <i>of which:</i> | | | | | | | | | | |
| 5 | - Interest expenditure | 3.1 | 2.0 | 2.0 | 2.3 | 2.2 | 2.7 | 2.7 | 2.8 | 2.8 | 2.8 |
| 6 | - Growth effect | -1.5 | -7.5 | -7.5 | -1.9 | -2.6 | -2.1 | -1.8 | -2.0 | -1.8 | -1.7 |
| 7 | - Inflation effect | -2.1 | -5.0 | -5.0 | -6.0 | -6.1 | -3.1 | -2.4 | -2.4 | -2.2 | -2.0 |
| 8 | 'Stock-flow' adjustment | 0.0 | 1.0 | 1.0 | 1.2 | 0.9 | 0.5 | 1.0 | 0.5 | 0.6 | 0.1 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 22.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.3 | 1.4 | 1.3 | 1.1 | 0.9 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.8 | 0.2 | 1.5 | 1.4 | 0.7 | 0.7 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | 0.1 | 0.1 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.1 | 0.5 | 0.3 | 0.2 | 0.2 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.1 | 0.6 | 0.7 | 0.7 | 0.5 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.1 | 0.4 | 0.3 | 0.2 | 0.2 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.2 | 1.0 | 1.0 | 0.9 | 0.7 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

Table 22.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|------|------|------|------|------|------|------|
| 1 | Disbursements of RRF loans from EU | 0.0 | 0.2 | 0.3 | 0.1 | 0.4 | 0.1 | 0.0 |
| 2 | Repayments of RRF loans to EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| # | Expenditure financed by RRF loans (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |

| # | Other costs financed by RRF loans (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|------|------|------|------|------|------|------|
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 | 0.1 | 0.1 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

23. ROMANIA

Table 23.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1=6+7+8 | Real GDP (% change) | 4.7 | 4.7 | 2.8 | 3.2 | 4.8 | 3.5 | 5.0 | 4.6 |
| 2 | Private consumption | 5.5 | 5.5 | 2.7 | 3.8 | 4.8 | 3.2 | 4.9 | 4.5 |
| 3 | Gross fixed capital formation | 8.0 | 8.0 | 6.8 | 7.0 | 8.8 | 8.0 | 9.1 | 7.3 |
| 4 | Exports of goods and services | 9.6 | 9.6 | 4.0 | 4.0 | 5.2 | 4.8 | 5.7 | 5.1 |
| 5 | Imports of goods and services | 9.9 | 9.9 | 4.7 | 5.1 | 6.0 | 5.5 | 6.2 | 5.5 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 6.1 | 6.1 | 3.7 | 4.0 | 5.7 | 4.5 | 5.7 | 5.1 |
| 7 | - Change in inventories | -0.6 | -0.6 | -0.2 | 0.0 | -0.1 | -0.5 | 0.0 | 0.0 |
| 8 | - Net exports | -0.7 | -0.7 | -0.6 | -0.8 | -0.7 | -0.6 | -0.6 | -0.5 |
| 9 | Output gap, as planned (% of potential GDP) | -1.8 | | -2.9 | | -2.3 | | -1.5 | -0.7 |
| 10 | Output gap, as recalculated ¹ | -1.4 | -1.1 | -2.2 | -1.2 | -1.2 | -0.9 | 0.0 | 1.0 |
| 11 | Employment (% change) | na. | 0.1 | 0.5 | -0.3 | 1.0 | 0.0 | 1.1 | 0.8 |
| 12 | Unemployment rate (%) | 5.6 | 5.6 | 5.4 | 5.4 | 4.9 | 5.1 | 4.5 | 4.4 |
| 13 | Labour productivity (% change) | 4.6 | 4.6 | 2.3 | 3.5 | 3.8 | 3.4 | 3.9 | 3.8 |
| 14 | HICP inflation (% change) | 12.0 | 12.0 | 10.7 | 9.7 | 5.4 | 4.6 | 3.2 | 2.9 |
| 15 | GDP deflator | 13.4 | 13.4 | 9.7 | 10.7 | 5.4 | 5.8 | 3.6 | 3.3 |
| 16 | Comp. of employees (per head, % change) | 11.1 | 11.1 | 12.0 | 9.6 | 10.1 | 6.7 | 8.6 | 8.1 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -6.8 | -6.1 | -5.3 | -4.7 | -4.8 | -4.5 | -4.1 | -3.4 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 23.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1=2+3+4+5 | Revenue (% of GDP) | 33.5 | 33.5 | 34.0 | 34.4 | 34.0 | 33.9 | 34.1 | 34.2 | 0.7 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 | 0.0 |
| 3 | - Current taxes on income, wealth, etc. | 5.9 | 5.9 | 5.6 | 6.5 | 5.3 | 7.0 | 5.3 | 5.4 | -0.5 |
| 4 | - Social contributions | 10.6 | 10.6 | 10.6 | 10.2 | 10.6 | 10.3 | 10.7 | 10.8 | 0.2 |
| 5 | - Other (residual) | 6.3 | 6.2 | 7.1 | 7.0 | 7.4 | 5.9 | 7.4 | 7.3 | 1.0 |
| 6 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.8 | 0.9 | 1.0 | 0.9 | 0.9 | 1.1 | 1.1 |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 39.7 | 39.7 | 38.4 | 39.2 | 36.9 | 38.2 | 37.0 | 37.1 | -2.6 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 38.5 | 38.5 | 36.7 | 37.4 | 35.2 | 36.5 | 35.4 | 35.5 | -3.0 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 9.9 | 9.9 | 9.5 | 9.1 | 9.2 | 9.2 | 8.8 | 8.5 | -1.4 |
| 11 | - Intermediate consumption | 5.8 | 5.8 | 5.4 | 5.6 | 5.2 | 5.8 | 5.1 | 4.9 | -0.9 |
| 12 | - Social payments | 13.4 | 13.4 | 12.4 | 12.7 | 11.8 | 13.2 | 11.7 | 11.7 | -1.7 |
| 13 | - Subsidies | 1.2 | 1.2 | 0.8 | 1.0 | 0.6 | 0.9 | 0.6 | 0.6 | -0.6 |
| 14 | - Gross fixed capital formation | 4.2 | 4.2 | 5.2 | 5.2 | 5.5 | 4.4 | 6.3 | 7.0 | 2.8 |
| 15 | - Other (residual) | 4.0 | 4.1 | 3.3 | 3.8 | 2.9 | 3.0 | 2.9 | 2.8 | -1.2 |
| 16 | - Interest expenditure | 1.2 | 1.2 | 1.7 | 1.8 | 1.7 | 1.7 | 1.6 | 1.6 | 0.4 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 0.8 | 0.9 | 1.0 | 0.9 | 0.9 | 0.8 | 0.8 |
| 18=1-8 | General government balance (% of GDP) | -6.2 | -6.2 | -4.4 | -4.7 | -3.0 | -4.4 | -2.9 | -2.9 | 3.3 |
| 19=1-9 | Primary balance | -5.0 | -5.0 | -2.7 | -2.9 | -1.3 | -2.7 | -1.3 | -1.3 | 3.7 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -5.6 | -5.8 | -3.5 | -4.3 | -2.2 | -4.1 | -2.4 | -2.7 | 2.9 |
| 21=20+16 | Cyclically adjusted primary balance | -4.4 | -4.6 | -1.8 | -2.5 | -0.6 | -2.4 | -0.8 | -1.1 | 3.4 |
| 22 | One-off measures (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | -5.6 | -5.8 | -3.5 | -4.3 | -2.2 | -4.1 | -2.4 | -2.7 | 2.9 |
| 24=23+16 | Structural primary balance | -4.4 | -4.6 | -1.8 | -2.5 | -0.5 | -2.4 | -0.8 | -1.1 | 3.3 |

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 23.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | CP | COM | CP | COM | CP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.4 | 2.1 | 1.5 | 1.3 | 0.3 |
| 2 | Change in the structural primary balance | na. | 0.5 | 2.6 | 2.1 | 1.3 | 0.2 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.0 | | 0.9 | | 0.7 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | -0.6 | | -0.7 | | 1.3 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 0.6 | | 1.5 | | -0.6 | |
| 6 | - Nationally financed net primary current expenditure | 0.8 | | 1.6 | | -0.3 | |
| 7 | - Nationally financed gross fixed capital formation | 0.6 | | -0.3 | | -0.5 | |
| 8 | - Nationally financed other capital expenditure | -0.8 | | 0.3 | | 0.2 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.3 | | -0.1 | | -0.4 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.7 | | -0.3 | | -0.4 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -0.8 | | 0.0 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -4.3 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 3.3 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.6 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 7.5 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 11.0 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -3.5 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 23.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1 | Gross debt ratio¹ (% of GDP) | 40.1 | 47.3 | 47.3 | 47.1 | 45.6 | 46.1 | 46.1 | 45.8 | 45.4 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 2.1 | -1.3 | -1.4 | -0.2 | -1.6 | -1.0 | 0.4 | -0.3 | -0.4 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 4.1 | 5.0 | 5.0 | 2.7 | 2.9 | 1.3 | 2.7 | 1.3 | 1.3 |
| 4=5+6+7 | 'Snow-ball' effect | -2.2 | -6.5 | -6.5 | -3.7 | -4.1 | -2.8 | -2.3 | -2.1 | -1.8 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.1 | 1.2 | 1.2 | 1.7 | 1.8 | 1.7 | 1.7 | 1.6 | 1.6 |
| 6 | - Growth effect | -1.4 | -1.9 | -1.9 | -1.2 | -1.3 | -2.0 | -1.4 | -2.1 | -2.0 |
| 7 | - Inflation effect | -1.9 | -5.5 | -5.5 | -4.1 | -4.4 | -2.3 | -2.4 | -1.5 | -1.4 |
| 8 | 'Stock-flow' adjustment | 0.3 | 0.1 | 0.1 | 0.8 | -0.5 | 0.5 | 0.0 | 0.5 | 0.1 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Convergence Programme (CP).

Table 23.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | n.a. | 0.0 | 0.0 | 0.8 | 1.0 | 0.9 | 1.1 |
| 2 | Cash disbursements of RRF grants from EU | n.a. |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | n.a. | 0.0 | 0.0 | 0.2 | 0.2 | 0.1 | 0.1 |
| 8 | Gross fixed capital formation | n.a. |
| 9 | Capital transfers | n.a. |
| 10=8+9 | Total capital expenditure | n.a. | 0.0 | 0.0 | 0.6 | 0.8 | 0.8 | 0.7 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

Table 23.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | n.a. | n.a. | 1.0 | 0.6 | 1.3 | 0.9 | 0.5 |
| 2 | Repayments of RRF loans to EU | n.a. |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. |
| 2 | Intermediate consumption | n.a. |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | n.a. |
| 9 | Capital transfers | n.a. |
| 10=8+9 | Total capital expenditure | n.a. | 0.0 | 0.0 | 0.2 | 0.4 | 0.9 | 1.5 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | n.a. |
| 2 | Other costs with impact on revenue | n.a. |
| 3 | Financial transactions | n.a. | n.a. | n.a. | n.a. | 0.1 | 0.1 | 0.2 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.

24. SLOVENIA

Table 24.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|-------|-------------|------|-------------|------|------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 5.4 | 5.4 | 1.8 | 1.2 | 2.5 | 2.2 | 2.6 | 2.5 |
| 2 | Private consumption | 8.9 | 8.9 | 1.2 | 1.7 | 1.8 | 1.9 | 1.8 | 1.8 |
| 3 | Gross fixed capital formation | 7.8 | 7.8 | 2.8 | 3.9 | 2.2 | 3.8 | 5.0 | 5.0 |
| 4 | Exports of goods and services | 6.5 | 6.5 | 2.7 | 2.8 | 4.1 | 4.0 | 4.2 | 4.0 |
| 5 | Imports of goods and services | 9.8 | 9.8 | 1.8 | 2.8 | 3.6 | 4.2 | 4.3 | 4.2 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 6.3 | 6.3 | 1.5 | 1.9 | 1.9 | 2.2 | 2.5 | 2.5 |
| 7 | - Change in inventories | 1.1 | 1.1 | -0.5 | -0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -2.1 | -2.1 | 0.8 | 0.0 | 0.6 | 0.0 | 0.1 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | 3.1 | 4.3 | 1.8 | 2.6 | 1.4 | 1.6 | 1.2 | 1.0 |
| 10 | Output gap, as recalculated ¹ | 6.1 | | 2.2 | | 1.3 | | 0.8 | 0.4 |
| 11 | Employment (% change) | 2.4 | 2.4 | 1.0 | 0.7 | 0.7 | 0.5 | 0.4 | 0.3 |
| 12 | Unemployment rate (%) | -11.4 | 4.0 | -5.1 | 3.9 | -5.0 | 3.8 | -2.7 | -3.0 |
| 13 | Labour productivity (% change) | 10.3 | 2.9 | 8.6 | 0.5 | 5.8 | 1.7 | 4.8 | 4.5 |
| 14 | HICP inflation (% change) | 8.8 | 9.3 | 7.1 | 7.0 | 4.2 | 3.8 | 2.4 | 2.0 |
| 15 | GDP deflator | 7.2 | 7.2 | 7.7 | 7.3 | 3.9 | 4.3 | 2.5 | 2.2 |
| 16 | Comp. of employees (per head, % change) | 4.3 | 4.3 | 7.3 | 7.7 | 5.8 | 5.3 | 5.4 | 5.2 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -1.0 | -0.4 | na. | 1.0 | na. | 1.8 | na. | na. |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 24.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-----------------|----------------------|
| | | SP ¹ | COM | SP ¹ | COM | SP ¹ | COM | SP ¹ | SP ¹ | SP ¹ |
| 1=2+3+4+5 | Revenue (% of GDP) | 42.7 | 42.5 | 42.4 | 42.6 | 41.8 | 41.8 | 41.6 | 41.5 | -1.2 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 12.9 | 12.9 | 12.3 | 12.6 | 12.4 | 12.7 | 12.1 | 11.9 | -1.0 |
| 3 | - Current taxes on income, wealth, etc. | 7.9 | 7.7 | 7.5 | 7.5 | 7.6 | 7.4 | 7.8 | 8.0 | 0.1 |
| 4 | - Social contributions | 15.8 | 15.8 | 15.8 | 15.8 | 15.7 | 15.6 | 15.8 | 16.2 | 0.4 |
| 5 | - Other (residual) | 6.1 | 6.1 | 6.9 | 6.7 | 6.0 | 6.0 | 5.9 | 5.4 | -0.6 |
| 6 | RRF grants as included in the revenue projections | 0.2 | 0.1 | 0.6 | 0.4 | 0.5 | 0.4 | 0.6 | 0.2 | 0.0 |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 46.6 | 45.5 | 46.5 | 46.3 | 44.5 | 44.7 | 43.8 | 42.8 | -3.8 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 45.5 | 44.4 | 45.3 | 45.1 | 43.2 | 43.4 | 42.5 | 41.5 | -4.1 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.9 | 10.9 | 10.9 | 11.0 | 10.8 | 10.9 | 10.9 | 11.0 | 0.1 |
| 11 | - Intermediate consumption | 6.2 | 6.2 | 6.0 | 6.1 | 6.0 | 6.0 | 5.9 | 5.8 | -0.5 |
| 12 | - Social payments | 17.9 | 17.9 | 17.0 | 17.5 | 17.3 | 17.6 | 17.4 | 17.3 | -0.6 |
| 13 | - Subsidies | 1.3 | 1.3 | 2.5 | 1.9 | 1.5 | 1.3 | 1.1 | 1.0 | -0.3 |
| 14 | - Gross fixed capital formation | 5.2 | 5.2 | 6.4 | 6.1 | 5.5 | 5.0 | 5.1 | 4.3 | -0.9 |
| 15 | - Other (residual) | 3.9 | 2.8 | 2.5 | 2.4 | 2.1 | 2.4 | 2.1 | 2.0 | -1.9 |
| 16 | - Interest expenditure | 1.1 | 1.1 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 0.2 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.1 | 0.5 | 0.4 | 0.5 | 0.4 | 0.6 | 0.3 | 0.2 |
| 18=1-8 | General government balance (% of GDP) | -3.9 | -3.0 | -4.1 | -3.7 | -2.8 | -2.9 | -2.2 | -1.3 | 2.6 |
| 19=1-9 | Primary balance | -2.9 | -1.9 | -2.9 | -2.5 | -1.5 | -1.6 | -0.8 | 0.0 | 2.9 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -5.4 | -5.0 | -4.9 | -4.9 | -3.4 | -3.7 | -2.7 | -1.8 | 3.6 |
| 21=20+16 | Cyclically adjusted primary balance | -4.3 | -4.0 | -3.8 | -3.7 | -2.1 | -2.3 | -1.4 | -0.5 | 3.9 |
| 22 | One-off measures (% of GDP) | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 23=20-22 | Structural balance (% of potential GDP) | -5.4 | -5.0 | -4.9 | -4.9 | -3.4 | -3.7 | -2.7 | -1.8 | 3.6 |
| 24=23+16 | Structural primary balance | -4.3 | -4.0 | -3.8 | -3.7 | -2.1 | -2.3 | -1.4 | -0.5 | 3.9 |

¹ Slovenia prepared its Stability Programme based on EDP figures for 2022 that had been notified but not yet validated by Eurostat. Eurostat's validation process led to revisions in the general government deficit and its components in 2022. The validated figures are shown in the column 'COM'.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 24.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|-----|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.5 | 0.5 | 0.2 | 1.5 | 1.2 |
| 2 | Change in the structural primary balance | na. | 0.4 | 0.5 | 0.2 | 1.7 | 1.4 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -1.2 | | -1.2 | | 2.3 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | -0.8 | | 0.6 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | -1.3 | | -0.4 | | 1.7 | |
| 6 | - Nationally financed net primary current expenditure | -0.4 | | -0.3 | | 1.1 | |
| 7 | - Nationally financed gross fixed capital formation | -0.7 | | -0.1 | | 0.6 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | 0.0 | | 0.0 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 1.0 | | -0.2 | | -0.9 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.6 | | -0.5 | | -0.1 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.0 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -3.1 | | -1.0 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -4.9 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.75 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 5.6 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.5 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 5.5 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 3.0 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 2.5 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 24.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 72.8 | 69.9 | 69.9 | 68.9 | 69.1 | 66.5 | 66.6 | 65.0 | 63.5 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -0.8 | -4.6 | -4.5 | -1.0 | -0.8 | -2.4 | -2.5 | -1.5 | -1.5 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 0.4 | 2.9 | 1.9 | 2.9 | 2.5 | 1.5 | 1.6 | 0.8 | 0.0 |
| 4=5+6+7 | 'Snow-ball' effect | -2.0 | -7.5 | -7.5 | -5.0 | -4.4 | -2.9 | -3.0 | -1.9 | -1.6 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.8 | 1.1 | 1.1 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 |
| 6 | - Growth effect | -2.4 | -3.6 | -3.5 | -1.1 | -0.8 | -1.6 | -1.4 | -1.6 | -1.6 |
| 7 | - Inflation effect | -1.4 | -4.7 | -4.8 | -5.0 | -4.7 | -2.5 | -2.8 | -1.6 | -1.4 |
| 8 | 'Stock-flow' adjustment | 0.8 | 0.2 | 1.0 | 1.1 | 1.1 | -1.1 | -1.1 | -0.4 | 0.2 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 24.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.2 | 0.2 | 0.6 | 0.5 | 0.6 | 0.2 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.4 | 0.0 | 0.1 | 0.4 | 0.3 | 0.3 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | na. |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| 6 | Current transfers | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.2 | 0.1 | 0.4 | 0.4 | 0.5 | 0.2 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.2 | 0.1 | 0.4 | 0.4 | 0.5 | 0.2 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

Table 24.6: Recovery and Resilience Facility - Loans

| # | Cash flow from RRF loans projected in the programme (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Disbursements of RRF loans from EU | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.3 | 0.3 |
| 2 | Repayments of RRF loans to EU | 0.0 | 0.0 | 0.0 | 0.0 | n.a. | n.a. | n.a. |

| # | Expenditure financed by RRF loans (% of GDP) | | | | | | | |
|---------------|--|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | n.a. |
| 4 | Interest expenditure | n.a. |
| 5 | Subsidies, payable | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | n.a. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.3 | 0.2 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n.a. | n.a. |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.3 | 0.2 |

| # | Other costs financed by RRF loans (% of GDP) | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n.a. | n.a. |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n.a. | n.a. |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n.a. | n.a. |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

25. SLOVAKIA

Table 25.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 1.7 | 1.7 | 1.3 | 1.7 | 1.8 | 2.1 | 2.7 | 1.9 |
| 2 | Private consumption | 5.1 | 5.5 | 0.7 | 0.6 | 1.1 | 0.8 | 1.5 | 1.3 |
| 3 | Gross fixed capital formation | 6.5 | 5.9 | 14.6 | 9.0 | 1.2 | 3.7 | 1.3 | -3.3 |
| 4 | Exports of goods and services | 1.0 | 2.3 | 1.3 | 3.2 | 6.9 | 6.1 | 6.6 | 5.4 |
| 5 | Imports of goods and services | 3.0 | 4.0 | 4.2 | 3.9 | 6.2 | 5.2 | 5.2 | 3.8 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 3.7 | 3.4 | 4.6 | 2.8 | 1.0 | 1.5 | 1.2 | 0.2 |
| 7 | - Change in inventories | 0.1 | -0.1 | -0.9 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -1.9 | -1.6 | -2.7 | -0.9 | 0.7 | 0.6 | 1.4 | 1.7 |
| 9 | Output gap, as planned (% of potential GDP) | -1.0 | 0.0 | -1.2 | -0.7 | -1.2 | -0.7 | -0.1 | 0.5 |
| 10 | Output gap, as recalculated ¹ | 0.4 | | -0.9 | | -1.3 | | -0.5 | 0.1 |
| 11 | Employment (% change) | 1.8 | 1.8 | 0.5 | 0.6 | 0.5 | 0.1 | 0.6 | 0.4 |
| 12 | Unemployment rate (%) | 6.2 | 6.1 | 5.8 | 5.8 | 5.4 | 5.4 | 5.2 | 5.2 |
| 13 | Labour productivity (% change) | -0.1 | -0.1 | 0.8 | 1.2 | 1.3 | 2.0 | 2.1 | 1.5 |
| 14 | HICP inflation (% change) | 12.1 | 12.1 | 9.7 | 10.9 | 5.5 | 5.7 | 4.3 | 2.2 |
| 15 | GDP deflator | 7.6 | 7.5 | 7.8 | 9.8 | 5.5 | 5.7 | 4.1 | 2.5 |
| 16 | Comp. of employees (per head, % change) | 6.4 | 6.0 | 8.9 | 9.7 | 7.8 | 7.4 | 6.4 | 4.2 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -5.8 | -7.9 | -5.1 | -6.7 | -4.5 | -5.3 | -3.8 | -3.0 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 25.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 40.2 | 40.2 | 42.4 | 41.6 | 39.4 | 39.6 | 38.9 | 38.6 | -1.6 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 11.9 | 11.9 | 12.2 | 11.6 | 11.8 | 11.3 | 11.4 | 11.1 | -0.7 |
| 3 | - Current taxes on income, wealth, etc. | 8.1 | 8.1 | 7.8 | 8.0 | 7.6 | 7.9 | 7.5 | 7.5 | -0.6 |
| 4 | - Social contributions | 14.9 | 14.9 | 15.4 | 15.0 | 15.7 | 15.1 | 15.6 | 15.8 | 0.9 |
| 5 | - Other (residual) | 5.4 | 5.4 | 7.0 | 7.1 | 4.4 | 5.3 | 4.4 | 4.2 | -1.2 |
| 6 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 1.2 | 1.2 | 0.7 | 1.3 | 0.5 | 0.3 | 0.3 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 42.3 | 42.3 | 48.7 | 47.7 | 44.1 | 44.4 | 44.0 | 43.5 | 1.2 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 41.2 | 41.2 | 47.8 | 46.7 | 42.9 | 43.3 | 42.7 | 42.0 | 0.8 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 10.6 | 10.6 | 10.4 | 10.7 | 10.3 | 10.7 | 9.9 | 9.6 | -1.0 |
| 11 | - Intermediate consumption | 5.9 | 5.9 | 8.2 | 6.1 | 5.7 | 6.0 | 5.6 | 5.4 | -0.5 |
| 12 | - Social payments | 17.9 | 17.9 | 19.1 | 19.1 | 19.5 | 19.1 | 19.2 | 19.5 | 1.6 |
| 13 | - Subsidies | 1.1 | 1.1 | 2.0 | 3.2 | 0.7 | 0.9 | 0.7 | 0.7 | -0.4 |
| 14 | - Gross fixed capital formation | 3.3 | 3.3 | 5.1 | 4.9 | 4.0 | 4.1 | 3.8 | 2.9 | -0.4 |
| 15 | - Other (residual) | 2.4 | 2.4 | 3.0 | 2.7 | 2.8 | 2.5 | 3.5 | 3.8 | 1.5 |
| 16 | - Interest expenditure | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.4 | 1.5 | 0.5 |
| 17=6-7 | Expenditure financed by RRF grants | 0.0 | 0.0 | 1.2 | 1.2 | 0.7 | 1.3 | 0.5 | 0.3 | 0.3 |
| 18=1-8 | General government balance (% of GDP) | -2.0 | -2.0 | -6.3 | -6.1 | -4.7 | -4.8 | -5.2 | -4.9 | -2.9 |
| 19=1-9 | Primary balance | -1.0 | -1.0 | -5.3 | -5.0 | -3.5 | -3.6 | -3.8 | -3.4 | -2.4 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -1.7 | -2.0 | -5.8 | -5.8 | -4.3 | -4.5 | -5.1 | -5.1 | -3.4 |
| 21=20+16 | Cyclically adjusted primary balance | -0.6 | -1.0 | -4.9 | -4.8 | -3.1 | -3.3 | -3.8 | -3.6 | -3.0 |
| 22 | One-off measures (% of GDP) | -0.9 | 0.0 | -1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.8 | -2.0 | -4.3 | -5.8 | -4.3 | -4.5 | -5.1 | -5.1 | -4.3 |
| 24=23+16 | Structural primary balance | 0.2 | -1.0 | -3.4 | -4.8 | -3.1 | -3.3 | -3.8 | -3.6 | -3.8 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 25.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|-----|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 3.5 | -3.5 | -3.8 | 0.0 | 1.3 |
| 2 | Change in the structural primary balance | na. | 3.4 | -3.6 | -3.8 | 0.3 | 1.4 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 1.3 | | -6.2 | | 2.9 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.1 | | -1.6 | | 1.2 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 1.3 | | -4.6 | | 1.7 | |
| 6 | - Nationally financed net primary current expenditure | 1.3 | | -4.4 | | 1.7 | |
| 7 | - Nationally financed gross fixed capital formation | -0.2 | | -0.1 | | -0.1 | |
| 8 | - Nationally financed other capital expenditure | 0.1 | | -0.1 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.2 | | 1.8 | | -2.0 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.2 | | -0.2 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | -0.1 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -2.4 | | -0.8 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -5.8 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | 0.25 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 6.1 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.7 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 5.7 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 3.6 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | 2.1 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 25.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 53.7 | 57.8 | 57.8 | 58.7 | 58.3 | 59.3 | 58.7 | 59.8 | 63.1 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 1.8 | -3.2 | -3.2 | 0.9 | 0.5 | 0.6 | 0.4 | 0.5 | 3.3 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 1.5 | 1.0 | 1.0 | 5.5 | 5.0 | 3.5 | 3.6 | 3.8 | 3.4 |
| 4=5+6+7 | 'Snow-ball' effect | -0.9 | -4.2 | -4.2 | -3.9 | -5.0 | -2.8 | -3.1 | -2.5 | -1.0 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 1.3 | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.4 | 1.5 |
| 6 | - Growth effect | -1.1 | -0.9 | -0.9 | -0.7 | -0.9 | -1.0 | -1.1 | -1.5 | -1.1 |
| 7 | - Inflation effect | -1.0 | -4.2 | -4.2 | -4.1 | -5.1 | -3.0 | -3.1 | -2.3 | -1.4 |
| 8 | 'Stock-flow' adjustment | 1.2 | -0.1 | -0.1 | -0.8 | 0.4 | -0.1 | -0.1 | -0.8 | 0.9 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 25.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.0 | 1.2 | 0.7 | 0.5 | 0.3 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.8 | 1.0 | 1.3 | 1.2 | 0.8 | 0.2 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | na. | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |
| 3 | Social payments | na. | na. | na. | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | na. |
| 5 | Subsidies, payable | na. |
| 6 | Current transfers | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 |
| 8 | Gross fixed capital formation | 0.0 | 0.0 | 0.6 | 1.0 | 0.6 | 0.4 | 0.2 |
| 9 | Capital transfers | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 1.0 | 0.6 | 0.4 | 0.2 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

26. FINLAND

Table 26.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1=6+7+8 | Real GDP (% change) | 2.1 | 2.1 | -0.2 | 0.2 | 1.3 | 1.4 | 1.6 | 1.6 |
| 2 | Private consumption | 2.1 | 2.1 | -0.6 | 0.1 | 1.4 | 1.2 | 2.0 | 2.0 |
| 3 | Gross fixed capital formation | 5.0 | 5.0 | -0.6 | -0.1 | 0.2 | 0.4 | 2.5 | 1.7 |
| 4 | Exports of goods and services | 1.7 | 1.7 | 1.2 | 1.6 | 3.9 | 3.6 | 3.8 | 3.5 |
| 5 | Imports of goods and services | 7.5 | 7.5 | -1.5 | -1.3 | 2.8 | 2.2 | 4.1 | 3.5 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 3.0 | 3.0 | -0.1 | 0.3 | 0.8 | 0.8 | 1.8 | 1.6 |
| 7 | - Change in inventories | 1.4 | 1.9 | -1.3 | -1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -2.3 | -2.3 | 1.2 | 1.3 | 0.4 | 0.6 | -0.2 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | -0.5 | -0.5 | -1.7 | -1.4 | -1.5 | -1.1 | -0.9 | -0.5 |
| 10 | Output gap, as recalculated ¹ | -0.3 | | -1.5 | | -1.2 | | -0.7 | -0.1 |
| 11 | Employment (% change) | 2.5 | 2.5 | -0.4 | -0.2 | 0.3 | 0.4 | 0.4 | 0.5 |
| 12 | Unemployment rate (%) | 6.8 | 6.8 | 7.0 | 7.1 | 6.8 | 6.8 | 6.6 | 6.4 |
| 13 | Labour productivity (% change) | -0.4 | -0.4 | 0.2 | 0.4 | 1.0 | 1.0 | 1.1 | 1.1 |
| 14 | HICP inflation (% change) | 7.2 | 7.2 | 4.0 | 4.8 | 1.9 | 2.1 | 2.0 | 2.0 |
| 15 | GDP deflator | 4.2 | 4.2 | 4.1 | 4.4 | 2.2 | 2.4 | 2.3 | 2.2 |
| 16 | Comp. of employees (per head, % change) | 3.7 | 3.2 | 5.0 | 4.5 | 3.6 | 3.8 | 3.1 | 3.0 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | -3.8 | -3.8 | -1.7 | -1.9 | -1.2 | -1.2 | -1.3 | -1.4 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 26.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | SP | COM | SP | COM | SP | COM | SP | SP | SP |
| 1=2+3+4+5 | Revenue (% of GDP) | 52.6 | 52.6 | 52.8 | 52.5 | 53.0 | 52.5 | 52.6 | 52.1 | -0.5 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 13.6 | 13.6 | 13.2 | 13.1 | 13.0 | 12.8 | 12.7 | 12.5 | -1.1 |
| 3 | - Current taxes on income, wealth, etc. | 17.1 | 17.1 | 16.8 | 16.8 | 17.1 | 16.9 | 16.9 | 16.9 | -0.2 |
| 4 | - Social contributions | 12.0 | 12.0 | 12.1 | 12.1 | 12.0 | 11.9 | 12.1 | 11.9 | -0.1 |
| 5 | - Other (residual) | 9.9 | 9.8 | 10.7 | 10.5 | 10.9 | 10.8 | 10.9 | 10.8 | 0.9 |
| 6 | RRF grants as included in the revenue projections | 0.1 | 0.1 | 0.3 | 0.2 | 0.2 | 0.2 | 0.1 | 0.0 | -0.1 |
| 7 | Revenue reductions financed by RRF grants | na. | 0.0 | na. | 0.0 | na. | 0.0 | na. | na. | na. |
| 8=9+16 | Expenditure (% of GDP) | 53.4 | 53.4 | 55.4 | 55.0 | 55.5 | 55.0 | 55.7 | 55.0 | 1.6 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 52.9 | 52.9 | 54.6 | 54.2 | 54.2 | 53.8 | 54.4 | 53.6 | 0.7 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 12.4 | 12.4 | 12.5 | 12.4 | 12.4 | 12.3 | 12.5 | 12.5 | 0.1 |
| 11 | - Intermediate consumption | 11.5 | 11.5 | 12.0 | 12.0 | 12.0 | 11.9 | 11.8 | 11.6 | 0.1 |
| 12 | - Social payments | 20.8 | 20.8 | 21.5 | 21.3 | 21.7 | 21.5 | 21.6 | 21.4 | 0.6 |
| 13 | - Subsidies | 1.1 | 1.1 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | -0.2 |
| 14 | - Gross fixed capital formation | 4.1 | 4.1 | 4.5 | 4.5 | 4.5 | 4.4 | 5.0 | 4.7 | 0.6 |
| 15 | - Other (residual) | 3.0 | 3.0 | 3.2 | 3.0 | 2.7 | 2.7 | 2.6 | 2.5 | -0.5 |
| 16 | - Interest expenditure | 0.5 | 0.5 | 0.8 | 0.8 | 1.3 | 1.2 | 1.3 | 1.4 | 0.9 |
| 17=6-7 | Expenditure financed by RRF grants | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.0 | -0.1 |
| 18=1-8 | General government balance (% of GDP) | -0.8 | -0.9 | -2.6 | -2.6 | -2.6 | -2.6 | -3.1 | -2.9 | -2.1 |
| 19=1-9 | Primary balance | -0.3 | -0.3 | -1.7 | -1.7 | -1.3 | -1.3 | -1.8 | -1.5 | -1.2 |
| 20 | Cyclically adjusted balance (% of potential GDP) | -0.5 | -0.6 | -1.6 | -1.8 | -1.7 | -1.9 | -2.6 | -2.6 | -2.1 |
| 21=20+16 | Cyclically adjusted primary balance | 0.0 | 0.0 | -0.7 | -1.0 | -0.4 | -0.7 | -1.3 | -1.2 | -1.2 |
| 22 | One-off measures (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | -0.5 | -0.6 | -1.6 | -1.8 | -1.7 | -1.9 | -2.6 | -2.6 | -2.1 |
| 24=23+16 | Structural primary balance | 0.0 | 0.0 | -0.8 | -1.0 | -0.4 | -0.7 | -1.3 | -1.2 | -1.2 |

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 26.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|------|
| | | SP | COM | SP | COM | SP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 1.7 | -1.1 | -1.2 | -0.1 | -0.1 |
| 2 | Change in the structural primary balance | na. | 1.7 | -0.8 | -0.9 | 0.4 | 0.3 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | -0.1 | | -1.0 | | 0.4 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | -0.1 | | -0.1 | | -0.1 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 0.0 | | -0.9 | | 0.4 | |
| 6 | - Nationally financed net primary current expenditure | 0.1 | | -0.6 | | 0.2 | |
| 7 | - Nationally financed gross fixed capital formation | 0.0 | | -0.4 | | 0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | 0.0 | | 0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.1 | | 0.2 | | -0.3 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.0 | | 0.0 | | -0.1 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.1 | | 0.2 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -1.7 | | -0.2 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | -1.8 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -0.5 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | No | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | 1.3 | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | 0.3 | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | 2.2 | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 2.8 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | -0.6 | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 26.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | SP | COM | SP | COM | SP | COM | SP | SP |
| 1 | Gross debt ratio¹ (% of GDP) | 67.7 | 73.0 | 73.0 | 74.4 | 73.9 | 76.9 | 76.2 | 79.0 | 80.7 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | 1.9 | 0.4 | 0.4 | 1.4 | 0.9 | 2.5 | 2.3 | 2.1 | 1.7 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | 1.4 | 0.3 | 0.3 | 1.7 | 1.7 | 1.3 | 1.3 | 1.8 | 1.5 |
| 4=5+6+7 | 'Snow-ball' effect | -1.1 | -3.9 | -3.8 | -1.8 | -2.4 | -1.2 | -1.5 | -1.6 | -1.5 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.8 | 0.5 | 0.5 | 0.9 | 0.8 | 1.3 | 1.2 | 1.3 | 1.4 |
| 6 | - Growth effect | -0.8 | -1.4 | -1.4 | 0.1 | -0.1 | -0.9 | -1.0 | -1.2 | -1.2 |
| 7 | - Inflation effect | -1.0 | -2.9 | -2.9 | -2.9 | -3.1 | -1.6 | -1.7 | -1.7 | -1.6 |
| 8 | 'Stock-flow' adjustment | 1.6 | 4.0 | 3.9 | 1.5 | 1.5 | 2.4 | 2.5 | 1.9 | 1.7 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Stability Programme (SP).

Table 26.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.0 | 0.1 | 0.3 | 0.2 | 0.1 | 0.0 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

| # | Expenditure financed by RRF grants (% of GDP) | | | | | | | |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | na. | na. | na. | na. | na. | na. |
| 4 | Interest expenditure | 0.0 | na. | na. | na. | na. | na. | na. |
| 5 | Subsidies, payable | na. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | na. | na. | na. | na. | na. | na. |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Stability Programme.

27. SWEDEN

Table 27.1: Macroeconomic developments and forecasts

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|------|-------------|------|-------------|------|-------------|------|------|
| | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1=6+7+8 | Real GDP (% change) | 2.6 | 2.6 | -1.0 | -0.5 | 1.2 | 1.1 | 2.6 | 3.2 |
| 2 | Private consumption | 2.1 | 2.1 | -1.4 | -1.7 | 1.7 | 1.2 | 3.0 | 4.2 |
| 3 | Gross fixed capital formation | 5.2 | 5.2 | -4.2 | -3.2 | -0.1 | -0.2 | 4.4 | 5.8 |
| 4 | Exports of goods and services | 6.6 | 6.6 | 2.3 | 2.0 | 2.6 | 2.6 | 2.2 | 3.4 |
| 5 | Imports of goods and services | 8.7 | 8.7 | -0.7 | -1.1 | 1.5 | 1.4 | 2.3 | 3.8 |
| | Contributions to real GDP growth (pps.) | | | | | | | | |
| 6 | - Final domestic demand | 2.2 | 2.2 | -1.6 | -1.4 | 0.6 | 0.5 | 2.5 | 3.2 |
| 7 | - Change in inventories | 1.0 | 1.0 | -0.8 | -0.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8 | - Net exports | -0.6 | -0.6 | 1.4 | 1.6 | 0.6 | 0.7 | 0.1 | 0.0 |
| 9 | Output gap, as planned (% of potential GDP) | 1.3 | 0.3 | -1.3 | -1.8 | -1.9 | -2.1 | -1.0 | 0.0 |
| 10 | Output gap, as recalculated ¹ | 0.5 | | -1.9 | | -2.1 | | -1.4 | -0.2 |
| 11 | Employment (% change) | 2.7 | 2.7 | 0.2 | 0.2 | -0.2 | 0.3 | 0.8 | 1.4 |
| 12 | Unemployment rate (%) | 7.5 | 7.5 | 7.9 | 7.7 | 8.3 | 8.2 | 8.2 | 7.5 |
| 13 | Labour productivity (% change) | -0.1 | -0.1 | -1.4 | -0.7 | 1.4 | 0.9 | 1.8 | 1.9 |
| 14 | HICP inflation (% change) | 8.1 | 8.1 | 5.9 | 6.0 | 2.1 | 1.9 | 1.9 | 1.9 |
| 15 | GDP deflator | 5.7 | 5.7 | 5.1 | 5.7 | 2.0 | 1.6 | 1.9 | 2.1 |
| 16 | Comp. of employees (per head, % change) | 2.9 | 2.8 | 5.0 | 4.0 | 3.3 | 3.7 | 3.6 | 3.9 |
| 17 | Net lending/borrowing vis-à-vis the rest of the world (% of GDP) | 4.6 | 4.5 | 6.2 | 6.0 | 6.2 | 6.4 | 5.2 | 5.0 |

¹ Output gap as recalculated by the Commission services on the basis of the programme scenario, using the commonly agreed methodology.

Source: Commission 2023 spring forecast (COM); Convergence Programme (SP).

Table 27.2: General government budgetary position

| # | Variables | 2022 | | 2023 | | 2024 | | 2025 | 2026 | Change: 2022-2026 |
|-----------|---|------|-------------|------|-------------|------|-------------|------|------|----------------------|
| | | CP | COM | CP | COM | CP | COM | CP | CP | CP |
| 1=2+3+4+5 | Revenue (% of GDP) | 48.9 | 48.9 | 48.1 | 47.9 | 47.2 | 47.0 | 47.1 | 46.9 | -2.0 |
| | <i>of which:</i> | | | | | | | | | |
| 2 | - Taxes on production and imports | 21.5 | 21.5 | 21.7 | 21.5 | 21.1 | 20.8 | 21.1 | 21.1 | -0.4 |
| 3 | - Current taxes on income, wealth, etc. | 17.4 | 17.4 | 17.1 | 17.0 | 16.8 | 16.8 | 16.8 | 16.8 | -0.6 |
| 4 | - Social contributions | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.4 | 3.3 | 3.3 | 0.0 |
| 5 | - Other (residual) | 6.7 | 6.7 | 6.0 | 6.1 | 6.0 | 6.0 | 5.9 | 5.7 | -1.0 |
| 6 | RRF grants as included in the revenue projections | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | -0.2 |
| 7 | Revenue reductions financed by RRF grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8=9+16 | Expenditure (% of GDP) | 48.1 | 48.1 | 48.5 | 48.8 | 47.9 | 47.5 | 46.9 | 45.5 | -2.6 |
| | <i>of which:</i> | | | | | | | | | |
| 9 | - Primary expenditure | 47.6 | 47.6 | 48.0 | 48.1 | 47.3 | 47.0 | 46.3 | 44.9 | -2.7 |
| | <i>of which:</i> | | | | | | | | | |
| 10 | - Compensation of employees | 11.8 | 11.8 | 12.1 | 11.8 | 11.9 | 11.9 | 11.7 | 11.4 | -0.4 |
| 11 | - Intermediate consumption | 7.9 | 7.9 | 8.0 | 7.7 | 7.9 | 7.5 | 7.8 | 7.5 | -0.4 |
| 12 | - Social payments | 14.8 | 14.8 | 15.0 | 14.9 | 15.2 | 15.0 | 14.9 | 14.4 | -0.4 |
| 13 | - Subsidies | 1.6 | 1.6 | 1.6 | 1.6 | 1.5 | 1.7 | 1.4 | 1.4 | -0.2 |
| 14 | - Gross fixed capital formation | 4.9 | 4.9 | 4.7 | 4.9 | 5.2 | 4.8 | 5.2 | 4.7 | -0.2 |
| 15 | - Other (residual) | 6.6 | 6.6 | 6.6 | 7.3 | 5.6 | 6.1 | 5.3 | 5.5 | -1.1 |
| 16 | - Interest expenditure | 0.5 | 0.5 | 0.5 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.1 |
| 17=6-7 | Expenditure financed by RRF grants | 0.2 | 0.1 | 0.2 | 0.2 | 0.0 | 0.1 | 0.0 | 0.0 | -0.1 |
| 18=1-8 | General government balance (% of GDP) | 0.7 | 0.7 | -0.4 | -0.9 | -0.6 | -0.5 | 0.2 | 1.4 | 0.7 |
| 19=1-9 | Primary balance | 1.2 | 1.2 | 0.1 | -0.2 | -0.1 | 0.1 | 0.8 | 2.0 | 0.8 |
| 20 | Cyclically adjusted balance (% of potential GDP) | 0.0 | 0.6 | 0.0 | 0.1 | 0.6 | 0.7 | 1.1 | 1.7 | 1.7 |
| 21=20+16 | Cyclically adjusted primary balance | 0.7 | 1.1 | 0.7 | 0.8 | 1.3 | 1.3 | 1.8 | 2.4 | 1.7 |
| 22 | One-off measures (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 23=20-22 | Structural balance (% of potential GDP) | 0.0 | 0.6 | 0.0 | 0.1 | 0.6 | 0.7 | 1.1 | 1.7 | 1.7 |
| 24=23+16 | Structural primary balance | 0.5 | 1.1 | 0.5 | 0.8 | 1.2 | 1.3 | 1.7 | 2.3 | 1.8 |

Source: Commission 2023 spring forecast (COM); Convergence Programme (SP).

Table 27.3: Main indicators for fiscal surveillance

| # | Variables | 2022 | | 2023 | | 2024 | |
|--|---|------------|-----|------------|------|------------|-----|
| | | CP | COM | CP | COM | CP | COM |
| Balance-based structural fiscal indicators | | | | | | | |
| 1 | Change in the structural balance (pps. of potential GDP) | na. | 0.3 | 0.0 | -0.5 | 0.6 | 0.6 |
| 2 | Change in the structural primary balance | na. | 0.6 | 0.0 | -0.3 | 0.7 | 0.5 |
| | | COM | | COM | | COM | |
| Net expenditure-based structural fiscal indicators | | | | | | | |
| 3=4+5 | Fiscal stance (including EU-financed expenditure, excluding pandemic-related temporary emergency measures) ¹ (% of GDP) <i>of which contribution from:</i> | 0.4 | | -0.1 | | 1.2 | |
| 4 | - EU-financed expenditure (including by RRF grants and other EU funds) (pps. of GDP) | 0.0 | | 0.0 | | 0.1 | |
| 5=6+7+8 | - Nationally financed net primary expenditure <i>including,</i> | 0.4 | | -0.1 | | 1.1 | |
| 6 | - Nationally financed net primary current expenditure | 0.8 | | -0.2 | | 1.0 | |
| 7 | - Nationally financed gross fixed capital formation | -0.1 | | 0.1 | | 0.1 | |
| 8 | - Nationally financed other capital expenditure | -0.2 | | 0.0 | | -0.1 | |
| p.m.: Energy measures and support to persons fleeing Ukraine (% of GDP) | | | | | | | |
| 9 | Change in total net budgetary cost of energy measures ² | 0.2 | | -0.1 | | 0.0 | |
| 10 | Change in net budgetary cost of targeted energy support measures (current expenditure) | 0.0 | | 0.0 | | 0.0 | |
| 11 | Change in budgetary cost of support to persons fleeing Ukraine (current expenditure) | 0.2 | | -0.1 | | 0.0 | |
| p.m.: Pandemic-related measures (% of GDP) | | | | | | | |
| 12 | Change in total budgetary cost of pandemic-related temporary emergency measures | -0.9 | | -1.1 | | 0.0 | |
| Background structural fiscal indicators | | | | | | | |
| 13 | Structural balance in 2023 (% of potential GDP) | | | | | 0.1 | |
| 14 | Medium-term budgetary objective (MTO) | | | | | -1.0 | |
| 15 | <i>At or above MTO at the start of the year?</i> | | | | | Yes | |
| 16=14-13 | Distance to MTO (pps. of potential GDP) | | | | | na. | |
| Setting the recommended fiscal adjustment for 2024 | | | | | | | |
| 17 | Recommended (minimum) fiscal adjustment ³ | | | | | na. | |
| 18 | Recommended (maximum) growth in net nationally financed primary expenditure ⁴ (% change) | | | | | na. | |
| Monitoring delivery of the recommended fiscal adjustment for 2024 | | | | | | | |
| 19 | Growth in net nationally financed primary expenditure (% change) | | | | | 1.1 | |
| 20=18-19 | Difference from recommended growth in net nationally financed primary expenditure ⁵ (pps.) | | | | | na. | |

¹ The fiscal stance is measured as the change in general government primary expenditure, net of the incremental budgetary impact of discretionary revenue measures and COVID-19 pandemic-related temporary emergency measures, excluding cyclical unemployment expenditure, but including the change in expenditure financed by non-repayable support (grants) from the Recovery and Resilience Facility and other EU funds, relative to the medium-term (10-year) average potential nominal GDP growth rate. A negative (positive) sign indicates an excess (a shortfall) of net primary expenditure growth over medium-term potential GDP growth, corresponding to an expansionary (a contractionary) fiscal stance. For more details, see Box 1 on page 3.

² Energy support measures less revenue from new (taxes and levies on) windfall profits by energy producers.

³ Annual (minimum) improvement in the structural balance towards the medium-term budgetary objective, with a benchmark of 0.5% of GDP, and taking into account fiscal sustainability considerations, as well as, where applicable, the need to reduce the general government deficit to below the Treaty reference value of 3% of GDP. For more details, see Box 1 on page 3.

⁴ Corresponding (maximum) growth rate of nationally financed primary expenditure, net of the incremental budgetary impact of discretionary revenue measures, and excluding cyclical unemployment expenditure, consistent with achieving the annual (minimum) improvement in the structural balance towards the medium-term budgetary objective (MTO).

⁵ A negative (positive) sign indicates that, assuming unchanged policies, net nationally financed primary expenditure in the Commission 2023 spring forecast is projected to grow at a rate above (below) the recommended growth rate.

Source: Commission 2023 spring forecast (COM); Convergence Programme (SP).

Table 27.4: General government debt developments

| # | Variables | Average 2017-2021 | 2022 | | 2023 | | 2024 | | 2025 | 2026 |
|---------|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | CP | COM | CP | COM | CP | COM | CP | CP |
| 1 | Gross debt ratio¹ (% of GDP) | 38.4 | 33.0 | 33.0 | 31.0 | 31.4 | 31.0 | 30.7 | 29.8 | 27.7 |
| 2=3+4+8 | Change in the ratio (pps. of GDP) | -1.1 | -3.5 | -3.5 | -2.0 | -1.5 | 0.0 | -0.7 | -1.1 | -2.2 |
| | Contributions ² : | | | | | | | | | |
| 3 | Primary balance | -0.4 | -1.2 | -1.2 | -0.1 | 0.2 | 0.1 | -0.1 | -0.8 | -2.0 |
| 4=5+6+7 | 'Snow-ball' effect | -1.3 | -2.4 | -2.4 | -0.8 | -0.9 | -0.5 | -0.3 | -0.7 | -0.9 |
| | <i>of which:</i> | | | | | | | | | |
| 5 | - Interest expenditure | 0.4 | 0.5 | 0.5 | 0.5 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 |
| 6 | - Growth effect | -0.7 | -0.9 | -0.9 | 0.3 | 0.2 | -0.4 | -0.3 | -0.8 | -0.9 |
| 7 | - Inflation effect | -0.9 | -1.9 | -1.9 | -1.6 | -1.8 | -0.6 | -0.5 | -0.5 | -0.6 |
| 8 | 'Stock-flow' adjustment | 0.5 | 0.0 | 0.0 | -1.1 | -0.8 | 0.3 | -0.4 | 0.4 | 0.8 |

¹ End of period.

² The 'snow-ball' effect captures the impact of interest expenditure on accumulated general government debt, as well as the impact of real GDP growth and inflation on the general government debt-to-GDP ratio (through the denominator). The 'stock-flow adjustment' includes differences in cash and accrual accounting (including leads and lags in the disbursement of EU funds), accumulation of financial assets, and valuation and other residual effects.

Source: Commission 2023 spring forecast (COM); Convergence Programme (SP).

Table 27.5: Recovery and Resilience Facility - Grants

| # | Revenue from RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | RRF grants as included in the revenue projections | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 |
| 2 | Cash disbursements of RRF grants from EU | 0.0 | 0.0 | 0.0 | 0.3 | 0.2 | 0.1 | 0.0 |

| # | Expenditure financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|
| 1 | Compensation of employees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Intermediate consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Social payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | Interest expenditure | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | Subsidies, payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | Current transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7=1+2+3+4+5+6 | Total current expenditure | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| 8 | Gross fixed capital formation | 0.0 |
| 9 | Capital transfers | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| 10=8+9 | Total capital expenditure | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |

| # | Other costs financed by RRF grants (% of GDP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|------|------|------|------|------|------|------|
| 1 | Reduction in tax revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2 | Other costs with impact on revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3 | Financial transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

For details on the approach for the statistical recording of Recovery and Resilience Facility-related flows, see Box 2 on page 5.

Source: Convergence Programme.