BRIEFING

Implementation of the Stability and Growth Pact under pandemic times

This document provides an overview of key developments under the preventive and corrective arms of the Stability and Growth Pact on the basis of the latest Council decisions and recommendations in the framework of the Stability and Growth Pact and the latest European Commission economic forecasts. This document is regularly updated.

The first section of this document summarises the latest developments regarding the implementation of the Stability and Growth Pact (SGP) and the second section provides tables on key public finance indicators in relation to the current SGP-related Council recommendations.

1. Latest developments

Activation of the general escape clause

In March 2020, the COVID-19 outbreak led the European Commission to expect a severe economic downturn of the euro area and the EU as a whole and to consider that the conditions for the activation of the general escape clause of the SGP are fulfilled. Also in March, the Finance Ministers of the Member States agreed with that assessment, thus providing clarity that the general escape clause has been activated. The activated clause allows Member States in the preventive arm to temporarily depart from the respective adjustment paths towards their medium-term budgetary objective, provided that this does not endanger fiscal sustainability in the medium term. If a Member State is in the corrective arm, the clause implies that the Council may decide, on a Commission recommendation, to adopt a revised fiscal trajectory. In short, the general escape clause does not suspend the procedures of the SGP, but allows the Commission and the Council to depart from the budgetary requirements that would normally apply.

Policy measures in the context of the general escape clause

Against the background of the above mentioned procedural framework, the EU Member States have adopted budgetary, liquidity and economic policy measures (including schemes approved under temporary flexible EU State aid rules) to increase the capacity of their health systems and provide relief to those citizens and sectors that are particularly impacted; according to current Commission estimates, the national measures amount to about EUR 3 trillion. The latest available country-specific overview compiled by Commission services dates from January 2021.

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In May 2020, the Commission adopted Excessive Deficit Procedure (EDP) reports under Art. 126(3) TFEU for nearly all Member States [1], in which it finds that all assessed Member States do not comply with the deficit criterion (and some with the debt criterion neither). However, the Commission also considered - due to the pandemic - that at this juncture a decision on whether to place Member States under the EDP should not be taken. Note that all Member States except Romania are currently in the preventive SGP arm [2] and that many Member States have also triggered national escape clauses to suspend national budgetary rules.

The Council recommended in July 2020 as part of the Country Specific Recommendations (CSRs), without providing country specific fiscal targets, that Member States should take all necessary measures to address the pandemic, sustain the economy and support the ensuing recovery and that, when economic conditions allow, they should pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. In addition, the fiscal policy related 2020 CSRs contain country specific elements, notably relating to strengthening the health care system.

While the 2020 CSRs focus on tackling the socioeconomic impacts of the COVID-19 pandemic and facilitating the economic recovery, the 2019 CSRs also covered reforms that are essential to address medium- to long-term structural challenges. In accordance with the recitals of the 2020 CSRs, the 2019 CSRs country-specific recommendations remain pertinent and will continue to be monitored throughout the 2021 European Semester.

In November 2020, the Council (ECOFIN) took note of the Commission intention to propose in 2021 CSRs on the budgetary situation of the Member States, as envisaged under the SGP, as it considered it important to reflect on future fiscal policy orientations. At the same time the Council underlined that the high uncertainty about the development of the COVID19 pandemic and its economic and social impact needs to be taken into account in fiscal policies.

All the Commission opinions on the 2021 DBPs of the euro area Member States conclude that the DBPs are "*overall in line with the fiscal policy recommendation adopted by the Council on 20 July 2020*" and that most of the measures in the DBP support economic activity against the background of considerable uncertainty.

However, the Commission points out with regard to a few Member States: "*For Belgium, France, Greece, Italy, Portugal and Spain, given the level of their government debt and high sustainability challenges in the medium-term before the outbreak of the COVID-19 pandemic, it is important to ensure that, when taking supporting budgetary measures, fiscal sustainability in the medium term is preserved.*"

When and how to deactivate of the general escape clause

In July 2020, the European Fiscal Board (EFB) stated in a report that a review date and the conditions for an exit from the escape clause have not been indicated and should be discussed and agreed as soon as possible. It also noted that '*In principle, the clause should be deactivated as soon as the severe economic downturn in the EU and the euro area comes to an end. However, there is no commonly accepted or agreed definition of a severe economic downturn. The Commission and the Council may hold different views. Also within the Council views may diverge considerably, especially if the economic impact of the Covid-19 crisis differs across countries: some may soon embark on an upturn, others may experience negative growth for longer.*'

The Commission published on 18 November its opinions on the 2021 Draft Budgetary Plans (DBPs) of the euro area Member States and in this context it stated that "*In light of this need and the still high uncertainty about the economic consequences of the pandemic, the general escape clause will remain active in 2021. In*

[1] The exceptions were Romania, which was already in the corrective arm of the Pact, and Bulgaria, since it was not expected to breach the numerical Treaty reference thresholds on public deficit and debt.

[2] Romania is since April 2020 in Excessive Deficit Procedure, for reasons relating to pre-pandemic times.

spring 2021, taking into account updated macroeconomic projections, the Commission will reassess the situation and take stock of the application of the general escape clause."

Based on a request of the ECON Committee, four papers by external experts[3] on "*How and When to deactivate the general escape clause of the SGP*" have been prepared and published. For instance, one of the papers (by Luisa Lambertini) suggests that the deactivation should take place only once the economies have recovered from the effects of the pandemic and it is clear that they are approaching their pre-Covid-19 levels; concretely, the paper by Lambertini recommends that pre-Covid-19 economic conditions, as captured by the Commission autumn 2019 forecast of the 2020 output gap or the 2019 level of real GDP, be taken as a reference for lifting the general escape clause. "*Each Member State should revert to the prescription of the SGP when this State's output gap has returned to its pre-Covid-19 level*". Another paper (by Philipe Martin and Xavier Ragot) proposes that the deactivation of the general escape clause should take place only when a reform of the SGP has been agreed upon and the EU has returned to its pre-crisis level in terms of GDP per capita or employment. A separate EGOV briefing provides more detailed summaries of all the four papers.

Economic background

On 11 February 2021, the European Commission published its Winter 2021 European Economic Forecast. While it is the most recent macro-economic forecast by the Commission, it is an interim forecast covering only GDP growth and inflation figures. It does not contain public finance forecasts; those were carried out in the Autumn 2020 European Economic Forecast and will be updated in spring 2021. Therefore, this briefing (see page 4 and tables starting on pages 6) still contains public finance data from autumn 2020.

According to the Winter 2021 Forecast, the European economy GDP is forecast to grow by 3.7% in 2021 and 3.9% in 2022 in the EU, and by 3.8% in both years in the euro area.

The EU economy as a whole would reach the pre-crisis level of output mid-2022, which is earlier than anticipated in the Autumn 2020 Forecast, largely because of the stronger momentum in the second half of 2021 and in 2022. While some Member States are expected to see economic output return to their pre-pandemic levels by the end of 2021 or early 2022, others are forecast to take longer. Inflation in the euro area and the EU is expected to be slightly higher in 2021 compared to last autumn forecast figures, but to remain subdued despite a temporary boost from base effects.

The Commission highlights that the current projections are subject to significant uncertainty and elevated risks, predominately linked to the evolution of the pandemic and the success of vaccination campaigns.

The unemployment rate in the EU, as included in the earlier Commission Autumn 2020 European Economic Forecast, is projected to rise from 6.7% in 2019 to 7.7% in 2020 and 8.6% in 2021, before declining to 8.0% in 2022. For further reading, see: EU economic developments and projections - latest update.

Latest data on public finances

According to the Commission autumn 2020 forecast of 5 November 2020, the rise in government deficits in 2020 is expected to be very high across the EU given that government spending increases and tax revenues fall, both as a result of the exceptional policy actions designed to support the economy and the effect of automatic stabilisers. The forecast projects the aggregate government deficit of the euro area to increase from 0.6% of GDP in 2019 to about 8.8% in 2020, before declining to 6.4% in 2021, reflecting the expected phasing out of emergency support measures in the course of 2021 as the economic situation improves.

"*Mirroring the spike in deficits, the forecast projects the aggregate euro area debt-to-GDP ratio will increase from 85.9% of GDP in 2019 to 101.7% in 2020, 102.3% in 2021 and 102.6% in 2022.*"

[3] Namely by: (1) Erik JONES, (2) Klaus-Jürgen GERN, Stefan KOOTHS and Ulrich STOLZENBURG, (3) Luisa LAMBERTINI, and (4) Philippe MARTIN and Xavier RAGOT.

The euro area Member States submitted in October 2020 Draft Budgetary Plans for 2021, containing inter alia forecasts on GDP growth, public deficit, public debt and budgetary structural balances. A comparison of these national forecasts with the Commission autumn forecasts reveals partly significant differences, which is not surprising given the uncertainties and risks surrounding economic forecasts in the current circumstances (see separate EGOV briefing).

In February 2021, the European Commission published its regular Debt Sustainability Monitor. The key results include inter alia:

- *Over the medium term, eight countries are found to face high risk (Belgium, Spain, France, Italy, Portugal, Romania, Slovenia and Slovakia). These results are driven by the high debt ratio (in Belgium, Spain, France, Italy and Portugal), which is projected to only gradually fall – sometimes late - over the projection period.*
- *Over the long term, five countries appear to be at high risk (Belgium, Luxembourg, Romania, Slovenia and Slovakia).*

For more data, see separate EGOV briefing "*Public finances in Euro Area Member States: Selected indicators*".

Review of the EU legal framework

In accordance with the so-called "Six-pack" and "Two-pack" Regulations[4], the Commission published in February 2020 a Communication on "Economic governance review". The purpose of this Communication was to start a public debate on the extent to which the different surveillance elements introduced or amended by the 2011 and 2013 reforms have been effective in achieving their key objectives, namely:

(*i) ensuring sustainable government finances and growth, as well as avoiding macroeconomic imbalances,*

(ii) providing an integrated surveillance framework that enables closer coordination of economic policies in particular in the euro area, and

(iii) promoting the convergence of economic performances among Member States.

In the context of the review exercise, the Commission launched a public debate, to give stakeholders the opportunity to provide their views on the functioning of surveillance so far and on possible ways to enhance the effectiveness of the framework in delivering on its key objectives. Originally, citizens and institutions were invited to submit their responses to the questions set in the Communication by 30 June 2020. However, the public debate has been impacted by the need to focus on the immediate challenges of the coronavirus crisis. Therefore, the period of public consultation has been extended and the Commission is expected to return to the review exercise when the immediate challenges have been addressed.

The ECON Committee agreed to launch an own-initiative report on the review: *The review of the* macro-economic *legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability* (Rapporteur *Marques Margarida*). Meetings with experts on different relevant topics have taken place and the draft report is being prepared.

Following a request of the ECON Committee, expertise by academic experts has been published on::

- "The role of fiscal rules in relation with the green economy" and
- "Benefits and drawbacks of an "expenditure rule", as well as of a "golden rule", in the EU fiscal framework".

For each of both topics, three papers by academic experts have been published; a separate EGOV briefing provides summaries of them.

[4] Report on the application of Regulations (EU) No 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013 and on the suitability of Council Directive 2011/85/EU", i.e. the set of legal acts comprising the provisions on the EU economic governance framework, published in 2011 and 2013, also known as "Six-pack" and "Two-pack".

2. Current Council recommendations and key public finance indicators

The tables below provide an overview of the Council recommendations under the SGP as adopted on 20 July 2020, i.e. under the general escape clause, and the latest key public finance indicators (nominal budget balances, structural budget balance, gross debt and nominal GDP growth). For Romania, the only country under the corrective arm (for reasons pertaining to pre-pandemic developments), a separate table shows in addition the current requirements under the corrective arm and the general escape clause.

Preventive arm of the SGP (under the general escape clause)

MEMBER STATE	**COUNCIL RECOMMENDATION N° 1 (=Country Specific Recommendation relating to fiscal policy) as adopted on 20 July 2020** ***(CSR-N° 1)*** ***CSR-N° 1 of each Member State begins with the following identical recommendation:*** *Take all necessary measures, in line with the general escape clause of the SGP, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.* ***In addition, CSR-N° 1 of each Member State contains a differentiated recommendation (see below):***	**LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS** **COM forecast - Autumn 2020[1] (under no policy change scenario)[2] (% of GDP)**					
		Year	**Nominal budget balance**	**Structural budget Balance[3]**	***In brackets and italics: y-o-y change***	**Debt**	**GDP growth**
	Euro Area Member States						
BE	*Reinforce the overall resilience of the health system and ensure the supply of critical medical products.*	**2021**	-7.1	-4.6	*(2.2)*	117.8	4.1
		2020	-11.2	-6.8	*(-3.5)*	117.7	-8.4
		2019	-1.9	-3.3	*(-1.2)*	98.1	1.7
DE	*Mobilise adequate resources and strengthen the resilience of the health system, including by deploying e-health services.*	**2021**	-4.0	-2.7	*(0.7)*	70.1	3.5
		2020	-6.0	-3.4	*(-4.3)*	71.2	-5.6
		2019	1.5	0.9	*(-0.2)*	59.6	0.6
EE	*Improve the accessibility and resilience of the health system, including by addressing the shortages of health workers, strengthening primary care and ensuring the supply of critical medical products.*	**2021**	-5.9	-4.1	*(0.0)*	22.5	3.4
		2020	-5.9	-4.1	*(-2.1)*	17.2	-4.6
		2019	0.1	-2.0	*(0.3)*	8.4	5.0
IE	*Improve accessibility of the health system and strengthen its resilience, including by responding to the health workforce's needs and ensuring universal coverage for primary care.*	**2021**	-5.8	-4.8	*(0.7)*	66.0	2.9
		2020	-6.8	-5.5	*(-5.0)*	63.1	-2.3
		2019	0.5	-0.5	*(0.3)*	57.4	5.6

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		Year	Nominal budget balance	Structural budget Balance[3]	*In brackets and italics: y-o-y change*	Debt	GDP growth
EL	*Strengthen the resilience of the health system and ensure adequate and equal access to healthcare.*	2021	-6.3	-2.6	*(-2.5)*	200.7	5.0
		2020	-6.9	-0.1	*(-2.9)*	207.1	-9.0
		2019	1.5	2.8	*(-2.4)*	180.5	1.9
ES	*Strengthen the health system's resilience and capacity, as regards health workers, critical medical products and infrastructure.*	2021	-9.6	-6.0	*(0.0)*	122.0	5.4
		2020	-12.2	-6.0	*(-2.0)*	120.3	-12.4
		2019	-2.9	-4.0	*(-1.0)*	95.5	2.0
FR	*Strengthen the resilience of the health system by ensuring adequate supplies of critical medical products and a balanced distribution of health workers, and by investing in e-health.*	2021	-8.3	-5.7	*(-0.6)*	117.8	5.8
		2020	-10.5	-5.1	*(-1.8)*	115.9	-9.4
		2019	-3.0	-3.3	*(-0.2)*	98.1	1.5
IT	*Strengthen the resilience and capacity of the health system, in the areas of health workers, critical medical products and infrastructure. Enhance coordination between national and regional authorities.*	2021	-7.8	-5.0	*(0.8)*	159.5	4.1
		2020	-10.8	-5.8	*(-3.9)*	159.6	-9.9
		2019	-1.6	-1.9	*(0.7)*	134.7	0.3
CY	*Strengthen the resilience and capacity of the health system to ensure quality and affordable services, including by addressing health workers' working conditions.*	2021	-2.3	-1.9	*(2.9)*	108.2	3.7
		2020	-6.1	-4.8	*(-4.8)*	112.6	-6.2
		2019	1.5	0.0	*(-2.1)*	94.0	3.1
LV	*Strengthen the resilience and accessibility of the health system including by providing additional human and financial resources.*	2021	-3.5	-2.8	*(2.9)*	45.9	4.9
		2020	-7.4	-5.7	*(-3.5)*	47.5	-5.6
		2019	-0.6	-2.2	*(0.1)*	36.9	2.1
LT	*Strengthen the resilience of the health system, including by mobilising adequate funding and addressing shortages in the health workforce and of critical medical products. Improve the accessibility and quality of health services.*	2021	-6.0	-5.0	*(2.7)*	50.7	3.0
		2020	-8.4	-7.7	*(-6.4)*	47.2	-2.2
		2019	0.3	-1.3	*(-0.3)*	35.9	4.3

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		Year	Nominal budget balance	Structural budget Balance[3]	***In brackets and italics: y-o-y change***	Debt	GDP growth
LU	*Improve the resilience of the health system by ensuring appropriate availability of health workers. Accelerate reforms to improve the governance of the health system and e-health.*	**2021**	-1.3	0.8	*(3.0)*	27.3	3.9
		2020	-5.1	-2.2	*(-4.6)*	25.4	-4.5
		2019	2.4	2.4	*(-0.5)*	22.0	2.3
MT	*Strengthen the resilience of the health system with regard to the health workforce, critical medical products and primary care.*	**2021**	-6.3	-3.7	*(3.2)*	60.0	3.0
		2020	-9.4	-6.9	*(-5.2)*	55.2	-7.3
		2019	0.5	-1.7	*(-1.4)*	42.6	4.9
NL	*Strengthen the resilience of the health system, including by tackling the existing shortages of health workers and stepping up the deployment of relevant e-health tools.*	**2021**	-5.7	-3.9	*(0.7)*	63.5	2.2
		2020	-7.2	-4.6	*(-4.9)*	60.0	-5.3
		2019	1.7	0.3	*(0.0)*	48.7	1.7
AT	*Improve the resilience of the health system by strengthening public health and primary care.*	**2021**	-6.4	-5.2	*(1.4)*	85.2	4.1
		2020	-9.6	-6.6	*(-5.8)*	84.2	-7.1
		2019	0.7	-0.8	*(0.2)*	70.5	1.4
PT	*Strengthen the resilience of the health system and ensure equal access to quality health and long-term care.*	**2021**	-4.5	-3.3	*(0.0)*	130.3	5.4
		2020	-7.3	-3.3	*(-1.9)*	135.1	-9.3
		2019	0.1	-1.4	*(-0.1)*	117.2	2.2
SI	*Ensure the resilience of the health and long-term care system, including by providing the adequate supply of critical medical products and addressing the shortage of health workers.*	**2021**	-6.4	-6.2	*(0.7)*	80.2	5.1
		2020	-8.7	-6.9	*(-5.0)*	82.2	-7.1
		2019	0.5	-1.9	*(-0.9)*	65.6	3.2
SK	*Strengthen the resilience of the health system in the areas of health workforce, critical medical products and infrastructure. Improve primary care provision and coordination between types of care.*	**2021**	-7.9	-7.3	*(0.5)*	65.7	4.7
		2020	-9.6	-7.8	*(-5.0)*	63.4	-7.5
		2019	-1.4	-2.8	*(-0.5)*	48.5	2.3

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		Year	Nominal budget balance	Structural budget Balance[3] *In brackets and italics: y-o-y change*		Debt	GDP growth
FI	*Address shortages of health workers to strengthen the resilience of the health system and improve access to social and health services.*	**2021**	-4.8	-3.5	*(-1.8)*	71.8	2.9
		2020	-7.6	-5.3	*(-3.6)*	69.8	-4.3
		2019	-1.0	-1.7	*(-0.3)*	59.3	1.1
Non-Euro Area Member States							
BG	*Mobilise adequate financial resources to strengthen the resilience, accessibility and capacity of the health system, and ensure a balanced regional distribution of health workers, matching population needs.*	**2021**	-3.0	-2.4	*(-0.4)*	26.4	2.6
		2020	-3.0	-2.0	*(-3.0)*	25.7	-5.1
		2019	1.9	1.0	*(-0.4)*	20.2	3.7
CZ	*Ensure the resilience of the health system, strengthen the availability of health workers, primary care and the integration of care, and deployment of e-health services.*	**2021**	-4.7	-3.3	*(0.9)*	40.6	3.1
		2020	-6.2	-4.2	*(-3.2)*	37.9	-6.9
		2019	0.3	-1.0	*(-0.8)*	30.2	2.3
DK	*Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers.*	**2021**	-2.5	-0.4	*(0.0)*	41.1	3.5
		2020	-4.2	-0.4	*(-3.9)*	45.0	-3.9
		2019	3.8	3.5	*(2.7)*	33.3	2.8
HR	*Enhance the resilience of the health system. Promote balanced geographical distribution of health workers and facilities, closer cooperation between all levels of administration and investments in e-health.*	**2021**	-2.8	-2.0	*(2.0)*	82.4	5.7
		2020	-6.5	-4.0	*(-2.3)*	86.6	-9.6
		2019	0.4	-1.7	*(-0.3)*	72.8	2.9
HU	*Address shortages of health workers and ensure an adequate supply of critical medical products and infrastructure to increase the resilience of the health system. Improve access to quality preventive and primary care services.*	**2021**	-5.4	-4.2	*(2.4)*	77.9	4.0
		2020	-8.4	-6.6	*(-2.3)*	78.0	-6.4
		2019	2.1	-4.3	*(-0.2)*	65.4	4.6

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		Year	**Nominal budget balance**	**Structural budget Balance[3]**	***In brackets and italics: y-o-y change***	**Debt**	**GDP growth**
PL	*Improve resilience, accessibility and effectiveness of the health system, including by providing sufficient resources and accelerating the deployment of e-health services.*	**2021**	-4.2	-3.7	*(4.5)*	57.3	3.3
		2020	-8.8	-8.2	*(-5.3)*	56.6	-3.6
		2019	-0.7	-2.9	*(-1.1)*	45.7	4.5
SE	*Ensure the resilience of the health system, including through adequate supplies of critical medical products, infrastructure and workforce.*	**2021**	-2.5	-0.9	*(0.5)*	40.5	3.3
		2020	-3.9	-1.4	*(-1.8)*	39.9	-3.4
		2019	0.5	0.4	*(0.1)*	35.1	1.3
UK	*Strengthen the resilience of the health system.*	**2021**	-9.0	-5.9	*(2.8)*	111.0	3.3
		2020	-13.4	-8.7	*(-5.2)*	104.4	-10.3
		2019	-2.3	-3.5	*(-0.3)*	85.4	1.3

Table notes

[1] See statistical annex to the COM autumn 2020 forecast: tables 1 (GDP growth), 36 (nominal budget balance), 41 (structural balance) and 42 (gross debt).

[2] See COM autumn 2020 forecast Box I.4.1 (page 75) "*Some technical elements behind the forecast*".

[3] The structural budget indicator is measured as % of potential GDP. The figures in italics and brackets are the year on year changes of the structural balance in percentage points of potential GDP, which can be regarded as a proxy for the *"fiscal effort"*.

Excessive Deficit Procedure - Corrective arm of SGP (under the general escape clause)

MEMBER STATE	COUNCIL RECOMMENDATIONS			DATA RELATING TO COMPLIANCE					
	Reference year which triggered the EDP[1]	Current deadline for correction of nominal deficit (latest EDP-recommendations)	Nominal budget balance and Fiscal effort in structural terms (% of GDP) as requested by the Council	COM forecast - autumn 2020[1] (under no policy change scenario)[2]					
				Year	Nominal budget balance	Structural budget Balance[3] (% of potential GDP) *In brackets and italics: y-o-y change (=annual structural adjustment)*		Debt (% of GDP)	GDP growth (% change)
RO	**2019**	**2022** (April. 2020) Under Art. 126(7)	EDP recommendation of April 2020: Nominal balance of 3,6 % of GDP in 2020, 3,4 % of GDP in 2021 and 2,8 % of GDP in 2022, which is consistent with a an annual structural adjustment of 0,5 % of GDP in 2020, 0,8 % of GDP in 2021 and 0,8 % of GDP in 2022. CSR of July 2020: Pursue fiscal policies in line with the EDP recommendation of April 2020 , *"while taking all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery*	**2019**	-4.4	-5.0	*(-1.8)*	35.3	4.2
				2020	-10.3	-8.6	*(-3.6)*	46.7	-5.2
				2021	-11.3	-9.9	*(-1.3)*	54.6	3.3
				2022	-12.5	-11.5	*(-1.6)*	63.6	3.8

Table notes: [1] See statistical annex to the COM autumn 2020 forecast: tables 1 (GDP growth), 36 (nominal budget balance), 41 (structural balance) and 42 (gross debt). [2] See COM autumn 2020 forecast Box I.4.1 (page 75) "*Some technical elements behind the forecast*". [3] The structural budget indicator is measured as % of potential GDP. The figures in italics and brackets are the year on year changes of the structural balance in percentage points of potential GDP, which can be regarded as a proxy for the *"fiscal effort"*.

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