IN-DEPTH ANALYSIS

European Parliament

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 Commission and 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. This version is an update on a version published in December 2021.

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 key public finance data for each EU Member State in relation with the currently applicable Council policy recommendations pertaining to the SGP. The third section provides the latest available information on the review of the EU economic governance framework, notably as regards fiscal policy surveillance.

1. Latest economic estimates

On 10 February 2022, the Commission presented its Winter 2022 Economic Forecast, which projects that "*following a notable expansion by 5.3% in 2021, the EU economy will grow by 4.0% in 2022 and 2.8% in 2023. Growth in the euro area is also expected at 4.0% in 2022, moderating to 2.7% in 2023*". According to the Commission, "*the EU as a whole reached its pre-pandemic level of GDP in the third quarter of 2021 and all Member States are projected to have passed this milestone by the end of 2022*".

The 2022 Winter Economic Forecast was published on 10 February 2022, two weeks before the invasion of Ukraine. According to the Commission, this development will negatively impacts the growth outlook and tilts the risks further to the downside. It also further underscores the need for strong coordination of economic and fiscal policies, and for fiscal policies to be adapted in reaction to rapidly changing circumstances. The guidance will be adjusted to economic developments as needed.

On 5 March, the IMF underlined that in many countries, the crisis is creating an adverse shock to both inflation and activity, amid already elevated price pressures. Monetary authorities will need to carefully monitor the pass-through of rising international prices to domestic inflation, to calibrate appropriate responses. Fiscal policy will need to support the most vulnerable households, to help offset rising living costs. This crisis will create complex policy tradeoffs, further complicating the policy landscape as the world economy recovers from the pandemic crisis.

According to the latest Commission economic forecast on public finances (I.e. Autumn 2021 Economic Forecast), the EU aggregate general government deficit is forecast to narrow only marginally (from 6.9% in 2020) to 6.6% of GDP in 2021. The ratio of EU aggregate public debt to GDP, was forecast to peak at 92.1%

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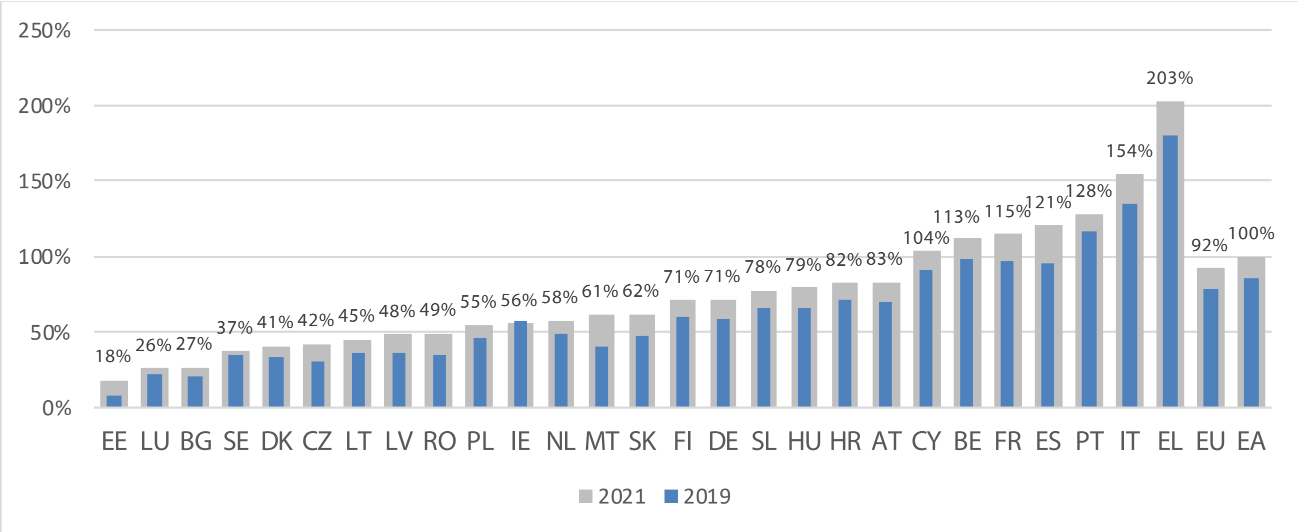
in 2021 (the aggregate euro area ratio at 100.0%). See below Figure 1, which illustrates the magnitudes of the debt level increases between 2019 and 2021.

Figure 1: Public debt (as % GDP) in EU Member States in 2019 and 2021



Source: Commission Autumn 2021 Economic Forecast
Note: The displayed numbers related to the forecast debt level for 2021.

In 2022, the EU public debt to GDP ratio was projected to decrease to 90.0% and the corresponding ratio of the euro area to 97.0%. Both the EU and euro area debt to GDP ratios for the years 2020, 2021 and 2022 are now lower than estimated or forecast in spring 2021 (e.g. for the year 2021, the downward revision amounts to 2.3 percentage points for the EU and 2.4 percentage points for the euro area, compared to spring 2021).

According to latest Eurostat data, in the third quarter of 2021, the seasonally adjusted general government deficit to GDP ratio stood at 4.0% in the euro area and 3.7% in the EU. Significant decreases in the deficits compared to the second quarter of 2021 were observed, but the deficits remained at a high level compared to the pre-pandemic period. The highest deficits were recorded in Malta (8,1 %), Spain (7,3 %) and Romania (7,1 %).

For an overview of the most recent growth and inflation developments and forecast figures for all EU Member States, please see separate EGOV document and for a comparison of data on some key indicators included in the 2022 Draft Budgetary Plans (DBPs) and the Autumn 2021 Economic Forecast, please see separate EGOV document.

2. Latest developments related to SGP implementation

Fiscal guidance for 2023

The European Commission has adopted on 2 March a Communication providing Member States with guidance on the conduct of fiscal policy in 2023. It sets out the key principles that will guide the Commission's assessment of Member States' stability and convergence programmes.

The Communication was based on the Winter forecasts, finalised on 1 February 2022, and therefore do not incorporate the consequences of Russia's invasion of Ukraine and the ensuing sanctions. In these circumstances, the Commission insists that all its recommendations are subject to revision in the light of the Spring economic forecasts assessing the new economic, budgetary and financial context that Member States will face.

Still, the Commission already indicates that, overall, it will propose in spring, as last year, country-specific fiscal policy guidance building on the approach taken for the fiscal recommendation for 2022, on limiting the growth of current expenditure and looking at the quality and composition of public finances.

The Commission mentions five main principles that will guide its fiscal policy guidance to Member States:

- *Principle #1: Ensure policy coordination and a consistent policy mix*
- *Principle #2: Ensure debt sustainability through a gradual and high-quality fiscal adjustment and economic growth*
- *Principle #3: Foster investment and promote sustainable growth*
- *Principle #4: Promote fiscal strategies consistent with a medium-term approach to fiscal adjustment, taking account of the RRF*
- *Principle #5: Differentiate fiscal strategies and take into account the euro area dimension*

For high-debt Member States, nationally-financed current expenditure (net of discretionary revenue measures) should grow more slowly than medium-term potential output (as measured by the expenditure benchmark), while continuing to promote investments in the twin transition. Any windfall revenues, including from upside growth surprises, should be used for debt reduction For low/medium debt Member States, investment for the twin transition should be prioritised.

As regards Excessive Deficit Procedures (EDPs), the Commission indicates that it will not propose to open new EDPs in spring 2022 but will re-assess the relevance of proposing to open EDPs in autumn 2022.

Moreover, in the view of the Commission, compliance with the debt reduction benchmark is not warranted under the current exceptional economic conditions. The situation will also be re-assessed in autumn 2022.

Finally, as regards the General Escape Clause, it is expected to be deactivated as of 2023, on the basis of the Commission 2022 winter forecast. The Commission stresses that this will be reassessed on the basis of its spring forecast, in view of the high uncertainty.

On 2 March 2022, ECOFIN Ministers welcomed the European Commission's communication on the 2023 Fiscal stance and the fact that the General Escape Clause will continue to apply in 2022, which will allow fiscal policy to adjust to the evolving situation. The deactivation of the General Escape Clause will be reassessed on the basis of the Commission 2022 Spring economic forecasts.

Latest Council fiscal policy recommendations of June 2021

On 18 June 2021, the Council adopted the final texts of its opinions on the 2021 Stability and Convergence Programmes (SCPs) of all EU Member States. These opinions reflect in the preventive arm the continuation of the general escape clause and are based on Commission recommendations for Council opinions of 2 June 2021. These Council opinions are this year's fiscal recommendations (i.e. Country Specific Recommendations, CSRs) to Member States under the European Semester and the SGP. Note that this year, exceptionally, due to the focus on combatting the economic/social consequences of COVID, there are no further CSRs under the European Semester than these fiscal recommendations.

Content wise, this year's recommendations include for each country under the preventive arm of the SGP (i.e. all EU Member States except Romania, which is since April 2020 in Excessive Deficit Procedure, for reasons relating to pre-pandemic times notably) the following elements (for country specific details, please see section 2 of this briefing):

- A recommendation on either prudent or supportive fiscal policy in 2022; Member States with low/medium debt should pursue or maintain a supportive fiscal stance, while Member States with high debt should use the Recovery and Resilience Facility (RRF) to finance additional investment in support of the recovery, while pursuing a prudent fiscal policy. The growth of nationally financed current expenditure should be kept under control in all Member States, and be limited by Member States with high debt. Like last year, this years' fiscal recommendations do not provide country specific fiscal targets.

- A recommendation to pursue, when economic conditions allow, a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term
- A recommendation to pay particular attention to the composition of public finances, both on the revenue and expenditure sides of the budget. Compared to the Commission proposals for the Council recommendations, the Council introduced a small modification on this recommendation and accordingly adopted a 'comply or explain' note, in line with EU legislation.

Please see separate EGOV document for a tabular comparison of 2019, 2020 and 2021 CSRs.

The Commission Opinions on the 2022 Draft Budgetary Plans (DBPs)

The following is a summary of the Commission Opinions of 24 November 2021, which are based on the Commission 2021 autumn forecast. The Opinions assess compliance with the Council recommendations of June 2021 (see above):

High-debt Member States (Belgium, France, Greece, Italy and Spain)

*• As recommended by the Council, **all Member States** use the RRF to finance additional investment in support of the recovery.*

*• As recommended by the Council, **all Member States** preserve nationally financed investment.*

*• **Italy** has been recommended by the Council to limit the growth of nationally financed current expenditure. This is not projected to be sufficiently ensured, as the growth of nationally financed primary current expenditure (net of new revenue measures) in 2022 is projected to provide a sizeable contribution to Italy's overall supportive fiscal stance. In order to contribute to the pursuit of a prudent fiscal policy, the Commission invites Italy to take the necessary measures within the national budgetary process to limit the growth of nationally financed current expenditure.*

*• For **Belgium, France, Greece, Italy 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, when taking supporting budgetary measures, it is important to preserve prudent fiscal policy in order to ensure sustainable public finances in the medium term.*

Low/medium debt Member States (Austria, Cyprus, Estonia, Finland, Germany, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Slovenia and Slovakia)

*• As recommended by the Council, **all Member States**, with the exception of Slovakia and Malta, pursue a supportive fiscal stance, including the impulse provided by the RRF. Slovakia's restrictive fiscal stance occurs against the background of high output growth and emerging capacity constraints. Malta's neutral stance reflects mainly very high estimated potential growth, while public investment reaches a historically high level. This is broadly as recommended by the Council.*

*• **All Member States** plan to use the RRF to support their recovery, while the Netherlands has not yet submitted its Recovery and Resilience Plan.*

*• As recommended by the Council, **all Member States** preserve or broadly preserve nationally financed investment.*

*• **Latvia and Lithuania** have been recommended by the Council to control the growth of nationally financed current expenditure. This is not projected to be sufficiently ensured, as the growth of nationally financed primary current expenditure (net of new revenue measures) in 2022 is projected to provide a sizeable contribution to their overall supportive fiscal stance.*

***Overall,** the Draft Budgetary Plans include measures that go in the direction of strengthening the composition of public finances and contributing to a sustainable and inclusive recovery, including through growth-enhancing investment, notably supporting the green and digital transition. A complete assessment of the fiscal-structural* *reforms implemented by Member States will be done in the context of the assessment of the implementation of the RRPs and the 2022 Country Report.*

Taking into account the strength of their recovery, Member States are invited to regularly review the use, effectiveness and adequacy of the support measures and stand ready to adapt them as necessary to changing circumstances.

3. Review of the EU legal framework

In accordance with the so-called "Six-pack" and "Two-pack" Regulations[1], 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. On 19 October 2021, the Commission presented a Communication relaunching the public debate on the review of the EU economic governance framework, taking stock of the changed circumstances following the COVID-19 crisis. With this Communication, the Commission invites all stakeholders to reflect on the functioning of the economic governance and present their views on how to enhance its effectiveness. The aim of the public debate is to build a broad-based consensus on the way forward well in time for 2023, when the general escape clause will be deactivated.

As part of its Communication on fiscal policy guidance for 2023 (see above), the Commission provided further indications on the state of play of the economic governance review. It indicates in particular that the potential long-term implications from the invasion of Ukraine for resilience and security have also been raised in the contributions received.

The Commission will provide orientations on possible changes to the economic governance framework with the objective of achieving a broad-based consensus on the way forward well in time for 2023.

Avenues for reform of the SGP identified by the Commission in its Communication from 2 March include:

- Ensuring debt sustainability and promoting sustainable growth through investment and reforms.
- More attention to the medium-term in the EU fiscal surveillance. At the same time, subject to clear EU level guidance, more scope for Member States to set and implement their fiscal adjustment plan in a medium term to strengthen ownership and thus compliance.
- Taking into account lessons learnt from the design, governance and operation of the RRF.
- Simplification, stronger national ownership and better enforcement are key objectives.
- The Commission would consider simpler fiscal rules using one operational rule at the EU level with observable indicators, such as a net expenditure aggregate, for assessing compliance. Moreover, were more scope to be given to Member States for the design of fiscal trajectories, a balance should be found with a more stringent enforcement of the framework by the Commission and the Council in case of non-compliance.

[1] 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".

In June 2021, the ECON Committee adopted 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*). It is inter alia based on meetings with experts during autumn 2020 on different relevant topics.

A recent paper by the Network of EU IFIs called for "*the capacity of national IFIs to make independent objective assessments of national fiscal dynamics and to raise transparency … [to] be used more effectively in the EU fiscal framework*." The paper sets out how the enhanced role for national IFIs - including the proposed obligation on the EU institutions to take IFI input into consideration when taking decisions – could be operationalised. To support these changes, it would be essential to ensure that all national IFIs have sufficient institutional underpinning: see a separate note on "Minimum standards and mandates" sets out proposals

The fifth annual report by the European Fiscal Board (EFB), published on 10 November 2021, assesses the implementation of the EU fiscal framework during the first year of the Covid-19 pandemic and clarifies the EFB's reform proposals to account for post-pandemic realities. According to the EFB, , a number of important measures, decided to address the consequences of the Covid-AP pandemic, provided the necessary room for policy manoeuvre, notably the activation of the severe economic downturn clause of the Stability and Growth Pact, the ECB's pandemic emergency purchase programme (PEPP) and the EU's Next Generation EU (NGEU) initiative. At the same time, the policy response also revealed issues in the EU fiscal framework:

- the difficulty for some Member States to create fiscal buffers in good economic times;
- the tendency to improvise new forms of flexibility in the application of the EU fiscal rules or new risk-sharing elements when times turn bad; and
- the lack of clarity on timing and conditions for the deactivation of the severe economic downturn clause.

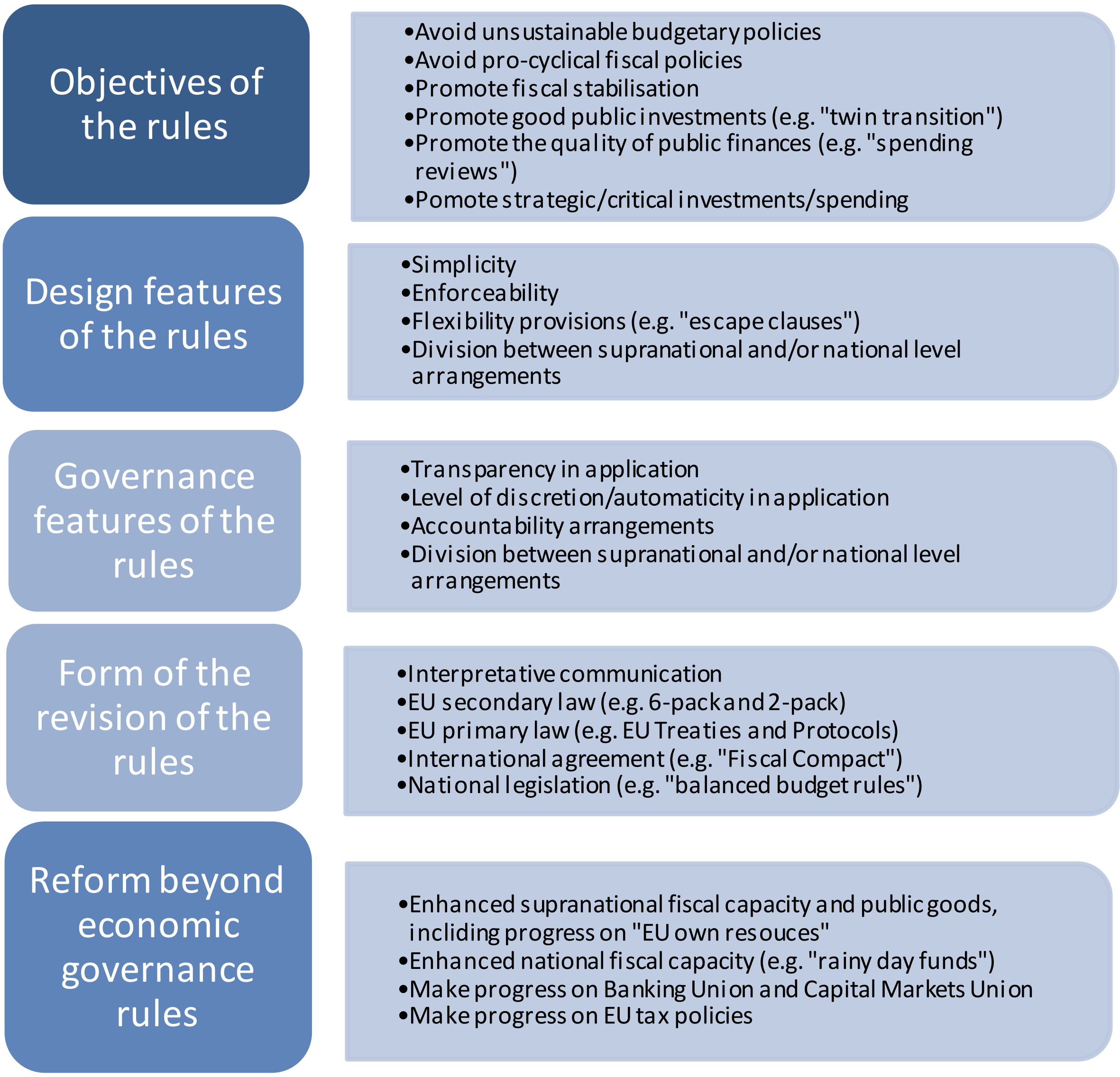
Following a request of the ECON Committee, expertise by academic experts has been published on:

- "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.

For an overview of various elements that are relevant for the on-going debate on the review of the EU fiscal governance framework, see Figure below.

Figure: Review of the EU fiscal governance framework: Some pieces of the puzzle



Source: EGOV own elaboration.

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This document is available on the internet at: www.europarl.europa.eu/supporting-analyses

2. Current Council recommendations and key public finance indicators

The tables below provide an overview of the Council recommendations under the SGP as adopted by the Council on 18 June 2021 under the general escape clause, and latest forecasts on key public finance indicators. For Romania, the only country under the corrective arm (for reasons pertaining to pre-pandemic developments), a table shows in addition the current requirements under the corrective arm and the general escape clause. A separate EGOV briefing presents other indicators on public finances of euro area Member States, focusing on debt sustainability.

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

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP): Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
Euro Area Member States								
BE	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.1	-4.9	-0.7	4.7	113.1	2.6
		2021	-7.8	-6.9	-1.1	5.0	112.7	6.0
		2020	-9.1	-5.8	0.0	2.6	112.8	-5.7

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
DE	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.5	-2.6	-0.9	6.6	69.2	4.6
		2021	-6.5	-5.0	-0.7	4.7	71.4	2.7
		2020	-4.3	-2.1	-1.2	5.3	68.7	-4.6
EE	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.5	-2.3	-1.3	9.4	20.4	3.7
		2021	-3.1	-3.7	0.7	3.1	18.4	9.0
		2020	-5.6	-3.1	-1.2	3.1	19.0	-3.0

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
IE	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-1.7	-3.1	-0.4	9.5	52.3	5.1
		2021	-3.2	-4.7	0.0	5.0	55.6	14.6
		2020	-4.9	-2.4	0.6	2.1	58.4	5.9
EL	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-3.9	-3.5	-1.8	1.6	196.9	5.2
		2021	-9.9	-7.9	-2.1	5.7	202.9	7.1
		2020	-10.1	-5.1	-1.8	0.5	206.3	-9.0

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
ES	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.2	-4.1	0.6	0.6	118.2	5.5
		2021	-8.1	-4.7	-3.4	6.5	120.6	4.6
		2020	-11.0	-4.5	-0.5	1.9	120.0	-10.8
FR	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.3	-5.2	0.6	3.6	113.7	3.8
		2021	-8.1	-6.7	-3.0	5.6	114.6	6.5
		2020	-9.1	-4.6	0.9	2.2	115.0	-7.9

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS						
		COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
IT	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. Limit the growth of nationally financed current expenditure.* *2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.* *3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.8	-5.9	-3.0	5.8	151.4	4.3
		2021	-9.4	-8.0	-2.7	6.0	154.4	6.2
		2020	-9.6	-5.0	0.6	-0.2	155.6	-8.9
CY	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.* *2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.* *3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growthenhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-1.4	-1.8	-0.3	4.8	97.6	4.2
		2021	-4.9	-4.8	0.3	3.5	104.1	5.4
		2020	-5.7	-4.4	-1.8	6.1	115.3	-5.2

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
LV	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-4.2	-4.0	-2.5	8.2	50.7	5.0
		2021	-9.5	-8.6	-1.1	8.6	48.2	4.7
		2020	-4.5	-3.1	-0.1	2.5	43.2	-3.6
LT	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-3.1	-2.8	-2.5	13.2	44.1	3.6
		2021	-4.1	-4.0	-0.2	8.8	45.3	5.0
		2020	-7.2	-6.8	-2.4	8.5	46.6	-0.1

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
LU	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	0.2	0.5	-0.7	6.8	25.6	3.7
		2021	-0.2	0.6	-0.6	7.0	25.9	5.8
		2020	-3.5	-1.5	-0.3	6.0	24.8	-1.8
MT	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growthenhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.8	-5.0	0.0	5.6	62.4	6.2
		2021	-11.1	-9.1	-3.9	18.4	61.4	5.0
		2020	-9.7	-6.9	0.7	3.4	53.4	-8.3

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
NL	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.1	-2.4	-0.5	3.7	56.8	3.3
		2021	-5.3	-4.4	-0.7	5.5	57.5	4.0
		2020	-4.2	-1.9	-1.4	7.1	54.3	-3.8
AT	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.3	-2.5	-1.3	5.5	79.4	4.9
		2021	-5.9	-4.2	-1.0	5.0	82.9	4.4
		2020	-8.3	-5.0	-0.8	5.2	83.2	-6.7

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
PT	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. Limit the growth of nationally financed current expenditure. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal-structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-3.4	-3.2	-	-	123.9	5.3
		2021	-4.5	-3.0	-	-	128.1	4.5
		2020	-5.8	-1.9	-	-	135.2	-8.4
SI	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.2	-6.2	-2.5	6.8	76.4	4.2
		2021	-7.2	-7.6	-3.0	8.5	77.7	6.4
		2020	-7.7	-6.4	-0.3	4.1	79.8	-4.2

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
SK	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-4.2	-4.3	0.3	3.3	60.0	5.3
		2021	-7.3	-6.5	-1.5	9.1	61.8	3.8
		2020	-5.5	-4.1	-0.9	6.9	59.7	-4.4
FI	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where rlevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.4	-2.0	-0.1	3.3	71.2	2.8
		2021	-3.8	-2.8	-1.1	4.7	71.2	3.4
		2020	-5.5	-3.3	0.6	0.6	69.5	-2.9

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
Non-Euro Area Member States								
BG	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.8	-2.8	-	-	26.7	4.1
		2021	-3.6	-3.1	-	-	26.7	3.8
		2020	-4.0	-2.9	-	-	24.7	-4.4
CZ	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-4.3	-3.8	-	-	44.3	4.4
		2021	-7.0	-5.7	-	-	42.4	3.0
		2020	-5.6	-3.8	-	-	37.7	-5.8

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
DK	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	1.3	3.3	-	-	38.8	2.7
		2021	-0.9	-2.0	-	-	41.0	4.3
		2020	-0.2	2.8	-	-	42.1	-2.1
HR	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.9	-3.4	-	-	79.2	5.6
		2021	-4.1	-3.5	-	-	82.3	8.1
		2020	-7.4	-4.7	-	-	87.3	-8.1

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
HU	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.7	-5.7	-	-	77.2	5.4
		2021	-7.5	-6.8	-	-	79.2	7.4
		2020	-8.0	-5.8	-	-	80.1	-4.7
PL	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-1.8	-2.1	-	-	51.0	5.2
		2021	-3.3	-2.9	-	-	54.7	4.9
		2020	-7.1	-6.2	-	-	57.4	-2.5

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural Budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
SE	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	0.3	0.6	-	-	34.2	3.5
		2021	-0.9	0.2	-	-	37.3	3.9
		2020	-2.8	-0.5	-	-	39.7	-2.8

Table notes:

[1] See statistical annex to the COM autumn 2021 Forecast: tables 1 (GDP growth), 35 (nominal budget balance), 40 (structural balance) and 41 (gross debt).

[2] See COM Autumn 2021 Forecast Box I.5.1 (pages 61-62) "*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"*.

[4] The fiscal stance indicator is taken from the statistical annex of the Commission opinions on the 2022 DBPs of the euro area Member States. It measures the change in primary expenditure (net of discretionary revenue measures), excluding COVID crisis-related temporary emergency measures but including expenditure financed by grants under the Recovery and Resilience Facility and other EU funds, relative to medium-term potential growth (10-year average potential growth rate). A negative sign of the indicator corresponds to an excess of the primary expenditure growth compared with medium-term economic growth, which indicates an expansionary fiscal policy.

5 This indicator is also taken from the statistical annex of the Commission opinions on the 2022 DBPs of the euro area Member States . It measures the growth rate of nationally financed primary current expenditure (net of discretionary revenue measures and crisis-related temporary emergency measures).

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

MEMBER STATE	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	DATA RELATING TO COMPLIANCE – COM forecast - autumn 2021[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)	Net government expenditure (growth rate)[4]
RO	**2019**	New deadline - of June 2021 - under Art. 126(7): **2024** *[the previous deadline - of April. 2020 - was 2022]*	EDP recommendation of June 2021: Nominal deficit target of 8.0% of GDP in 2021, 6.2% of GDP in 2022, 4.4% of GDP in 2023, and 2.9% of GDP in 2024, which is consistent with a nominal growth rate of net primary government expenditure of 3.4% in 2021, 1.3% in 2022, 0.9% in 2023 and 0.0% in 2024. This corresponds to an annual structural adjustment of 0.7% of GDP in 2021, 1.8% of GDP in 2022, 1.7% of GDP in 2023 and 1.5% of GDP in 2024. CSR of June 2021: Pursue fiscal policies in line with the Council Recommendation of 18 June 2021 with a view to bringing an end to the situation of an excessive government deficit in Romania.	2019	-4.4	-4.8	*(-1.6)*	35.3	4.2	-
				2020	-9.4	-7.5	*(-2.7)*	47.4	-3.9	16.2
				2021	-8.0	-7.1	*(0.4)*	49.3	7.0	5.9
				2022	-6.9	-6.4	*(0.7)*	51.8	5.1	5.1

Table notes: [1] See statistical annex to the COM autumn 2021 Forecast: tables 1 (GDP growth), 35 (nominal budget balance), 40 (structural balance) and 41 (gross debt). [2] See COM Autumn 2021 Forecast Box I.5.1 (pages 61-62) "*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*". [4] The EDP recommendation comprises targets for net primary government expenditure which is defined as total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union funds revenue and non discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is smoothed over a 4-year period. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out. Since the Commission has not published forecast data on this indicator, a similar indicator (net government expenditure corrected for one -offs), but including interest payments, has been selected as a proxy to assess compliance; the source for this compliance indicator is the Commission Communication on assessment taken by Romania of November 2021.