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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Enclosed:	COM(2016) 730 final ANNEX 1 to 4

Delegations will find attached document COM(2016) 730 final ANNEX 1 to 4.



Brussels, 16.11.2016
COM(2016) 730 final

ANNEXES 1 to 4

ANNEXES
to the
COMMUNICATION FROM THE COMMISSION
2017 Draft Budgetary Plans : Overall Assessment

ANNEX I: Country-specific assessment of DBPs

Member States under the preventive arm of the SGP

Plans compliant with the country's obligations

The Commission is of the opinion that the Draft Budgetary Plan of **Germany**, which is currently under the preventive arm of the SGP and subject to the debt rule, is compliant with the provisions of the SGP. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', Germany's favourable budgetary situation should provide scope to cover additional expenditure that may result from the strong inflow of asylum seekers as well as to further increase public investment in infrastructure, education, research and innovation, as recommended by the Council in the context of the European Semester. The Commission is also of the opinion that Germany has made limited progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Estonia**, which is currently under the preventive arm, is compliant with the provisions of the SGP. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', Estonia is invited to implement its 2017 budget.

The Commission is of the opinion that the Draft Budgetary Plan of **Luxembourg**, which is currently under the preventive arm, is compliant with the provisions of the SGP. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', Luxembourg's budgetary situation could provide some scope to ensure a supportive budgetary stance, while preserving the long-term sustainability of national public finances. The Commission is also of the opinion that Luxembourg has made limited progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **the Netherlands**, which is currently under the preventive arm and subject to the (transitional) debt rule, is compliant with the provisions of the SGP. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Netherlands' budgetary situation could provide some scope to ensure a supportive budgetary stance, while preserving the long-term sustainability of national public finances. The Commission is also of the opinion that the Netherlands has made no progress with regard to the structural part of the fiscal country specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Slovakia**, which is currently under the preventive arm is compliant with the provisions of the SGP. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to rigorously implement the 2017 budget. The Commission is also of the opinion that Slovakia has made some progress with regard to the structural part of the fiscal country specific recommendations issued by the Council in the context of the 2016 European Semester and invites the authorities to make further progress especially in the area of improving tax compliance.

Plans broadly compliant

The Commission is of the opinion that the Draft Budgetary Plan of **Ireland**, which is currently under the preventive arm and subject to the transitional debt rule, is broadly compliant with the provisions of the SGP. At the same time, the government's decision to use a large part of volatile, still uncertain, tax intakes to allocate additional expenditure in 2016 is not in line with Council recommendations in the context of the European Semester which ask Ireland to use windfall gains from better-than-expected economic and financial conditions to accelerate the deficit and debt reduction. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. Furthermore, the Commission is also of the opinion that Ireland has made some progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to make further progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Latvia**, which is currently under the preventive arm, is broadly compliant with the provisions of the Stability and Growth Pact. According to the Commission 2016 autumn forecast, a small deviation is projected over 2016 and 2017 together as the deviation in 2016 is forecast not to be fully compensated for in 2017. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Latvia has made limited progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Malta**, which is currently under the preventive arm and subject to the debt rule is broadly compliant with the provisions of the SGP. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Malta has made no progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Austria**, which is currently under the preventive arm and subject to the (transitional) debt rule until 2016 and to the debt rule from 2017 is broadly compliant with the provisions of the SGP if the current estimate of the budgetary impact in 2016 of the exceptional inflow of refugees and security measures is deducted from the requirement. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Austria has made limited progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

Plans at risk of non-compliance

The Commission is of the opinion that the Draft Budgetary Plan of **Belgium**, which is currently under the preventive arm and subject to the (transitional) debt rule, is at risk of non-compliance with the provisions of the SGP. The Commission projects a significant deviation from the required adjustment path towards the MTO in 2016 and, as a result of this, also over 2016 and 2017 taken together. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission therefore invites the authorities to implement all planned measures within the national budgetary process and to ensure that the 2017 budget complies with the SGP. The Commission is also of the opinion that Belgium has made no progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Italy**, which is currently under the preventive arm and subject to the debt rule, is at risk of non-compliance with the provisions of the SGP. In particular, according to the Commission 2016 autumn forecast there is a risk of significant deviation from the required adjustment path towards the MTO in 2017. Moreover, without the full allowance of 0.75% of GDP granted under the structural reform and investment clause, the Commission 2016 autumn forecast would point to a risk of significant deviation from the required adjustment path towards the MTO also in 2016. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Italy has made some progress with regard to the structural part of the fiscal country-specific recommendation issued by the Council in the context of the 2016 European Semester and thus invites the authorities to make further progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Cyprus**, which is currently under the preventive arm of the SGP and subject to the transitional debt rule, is at risk of non-compliance with the provisions of the SGP. The Commission projects a significant deviation from the MTO in 2017. In particular, the Draft Budgetary Plan for 2017 plans a fiscal relaxation without compensatory measures, which leads to a risk of significant deviation from the adjustment path towards the MTO in 2017. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Cyprus has made some progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and invites the authorities to make further progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Lithuania**, which is currently under the preventive arm and submitted a Draft Budgetary Plan on the basis of unchanged policies, is at risk of non-compliance with the provisions of the Stability and Growth Pact. According to the Commission 2016 autumn forecast, a significant deviation from the MTO is to be expected in 2017. The Commission will continue to closely monitor Lithuania's compliance with the obligations under the SGP, notably in connection with the assessment of the next Stability Programme. In the context of the overall assessment of a possible deviation from the adjustment path towards the MTO in 2017, the Commission will

take into account the considerations presented in its opinion on the Draft Budgetary Plan on Lithuania's possible eligibility for flexibility under the SGP. Particular attention will be paid to an actual progress made with the structural reform agenda, taking into account the country-specific recommendations adopted by the Council on 12 July 2016. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the Stability and Growth Pact. As soon as a new government takes office and as a rule at least one month before the draft budget law is planned to be adopted by the national parliament, the authorities are invited to submit to the Commission and the Eurogroup an updated Draft Budgetary Plan.

The Commission is of the opinion that the Draft Budgetary Plan of **Slovenia**, which is currently under the preventive arm and subject to the transitional debt rule, is at risk of non-compliance with the provisions of the SGP in 2017. The Commission 2016 autumn forecast for 2017 projects a significant deviation from adjustment path towards the MTO over 2016 and 2017 taken together. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP rules. The Commission is also of the opinion that Slovenia has made limited progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and invites the authorities to accelerate progress.

The Commission is of the opinion that the Draft Budgetary Plan of **Finland**, which is currently under the preventive arm, is at risk of non-compliance with the provisions of the SGP. In particular, according to the Commission 2016 autumn forecast there is a risk of significant deviation from the required adjustment path towards the MTO in 2017. The Commission will continue to monitor closely Finland's compliance with the obligations under the SGP, notably in connection with the assessment of the next Stability Programme. In the context of the overall assessment of a possible deviation from the adjustment path towards the MTO in 2017, the Commission will take into account the considerations presented in its opinion on the Draft Budgetary Plan on Finland's possible eligibility for flexibility under the SGP. Particular attention will be paid to the existence of credible plans for the resumption of the adjustment path towards the MTO and to progress made with the structural reform agenda, taking into account the country-specific recommendations adopted by the Council on 12 July 2016. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Finland has made some progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and invites the authorities to make further progress.

Member States under the corrective arm of the SGP

Plans broadly compliant

The Commission is of the opinion that the Draft Budgetary Plan of **France**, which is currently under the corrective arm, is broadly compliant with the provisions of the SGP, as the autumn forecast projects that the deficit will be slightly below the threshold value of 3% in 2017,

although the correction would not be durable in 2018 under a no policy change scenario. The Commission 2016 autumn forecast for 2017 projects that the excessive deficit will be corrected in a timely manner, but there is a significant shortfall in fiscal effort compared to the recommended level. Moreover, the projected correction of the excessive deficit would not be durable as the deficit in 2018 is projected to increase to 3.1% of GDP at unchanged policies. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission therefore invites the French authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP rules. The Commission is also of the opinion that France has made limited progress with regard to the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester and thus invites the authorities to accelerate progress.

Plans at risk of non-compliance

The Commission is of the opinion that the Draft Budgetary Plan of **Spain**, which is currently under the corrective arm of the SGP and submitted a Draft Budgetary Plan on the basis of unchanged policies, is at risk of non-compliance with the provisions of the SGP. While acknowledging the no-policy-change nature of those projections, the Commission's forecast for 2017 projects that neither the intermediate headline deficit target, nor the recommended fiscal effort will be achieved. Therefore, in line with the Commission Communication 'Towards a positive fiscal stance for the euro area', further measures will be needed to meet the headline deficit and structural effort targets going forward. Until such measures are taken, risks to the timely and durable correction of the excessive deficit by 2018 remain. The Commission is also of the opinion that Spain has made limited progress in responding to the specific Council requirements to strengthen its fiscal framework and its public procurement policy framework. The Commission therefore invites the authorities to accelerate progress. The Commission invites Spain to submit to the Commission and the Eurogroup an updated Draft Budgetary Plan for 2017, showing compliance with the requirements set out in the Council decision of 8 August 2016, in principle at least one month before the draft budget law is planned to be adopted by the national parliament. The updated Draft Budgetary Plan will also have to include information on the actions being taken in response to the Council requirements to strengthen Spain's fiscal and public procurement policy frameworks, in accordance with Article 1(5) and (6) of the Council decision to give notice of 8 August 2016. The Commission will re-examine compliance with the requirements set out in the above-mentioned Council decision on the basis of the information in the updated Draft Budgetary Plan.

The Commission is of the opinion that the Draft Budgetary Plan of **Portugal**, which is currently under the corrective arm of the SGP and could become subject to the preventive arm of the SGP from 2017, if a timely and sustainable correction of the excessive deficit is achieved, is at risk of non-compliance with the provisions of the SGP. In particular, the Commission forecast for 2017 projects a significant deviation from the required adjustment path towards the MTO and non-compliance with the debt reduction benchmark. The projected deviation however exceeds the threshold for a significant deviation by a very narrow margin. The risks seem therefore contained provided the necessary fiscal measures are delivered. In line with the Commission Communication 'Towards a positive fiscal stance for the euro area', the Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2017 budget will be compliant with the SGP. The Commission is also of the opinion that Portugal has made limited progress with regard to

the structural part of the fiscal country-specific recommendations issued by the Council in the context of the 2016 European Semester, and thus invites the authorities to accelerate progress.

ANNEX II: The methodology and assumptions underpinning the Commission autumn 2016 forecast

According to Article 7(4) of Regulation (EU) No 473/2013, "the methodology and assumptions of the most recent economic forecasts of the Commission services for each Member State, including estimates of the impact of aggregated budgetary measures on economic growth, shall be annexed to the overall assessment". The assumptions underlying the Commission 2016 autumn forecast, which is produced independently by Commission staff, are explained in the forecast document itself¹.

Budgetary data up to 2015 are based on data notified by Member States to the Commission before 1 October 2016 and validated by Eurostat on 21 October. Eurostat has made no amendments to the data reported by Member States during the autumn 2016 notification round. Eurostat has withdrawn the reservations on the quality of the data reported by France in relation to (1) the classification of the French Deposit Guarantee and Resolution Funds and (2) the recording of settlements costs related to the restructuring of complex debt instruments issued by local government. Eurostat is maintaining the reservation on the quality of the data reported by Belgium in relation to the sector classification of hospitals. Eurostat has expressed a reservation on the quality of the data reported by Cyprus in relation to a series of technical issues, such as the recording of EU flows.

For the forecast, measures in support of financial stability have been recorded in line with the Eurostat Decision of 15 July 2009². Unless reported otherwise by the Member State concerned, capital injections known in sufficient detail have been included in the forecast as financial transactions, i.e. increasing the debt, but not the deficit. State guarantees on bank liabilities and deposits are not included as government expenditure, unless there is evidence that they have been called on at the time the forecast was finalised. Note, however, that loans granted to banks by the government, or by other entities classified in the government sector, usually add to government debt.

For 2017, budgets adopted or presented to national parliaments and all other measures known in sufficient detail are taken into consideration. In particular, all the information included in the DBPs submitted by mid-October is reflected in this forecast. For 2018, the 'no-policy change' assumption used in the forecasts implies the extrapolation of revenue and expenditure trends and the inclusion of measures that are known in sufficient detail.

European aggregates for general government debt in the forecast years 2016-18 are published on a non-consolidated basis (i.e. not corrected for intergovernmental loans). To ensure consistency in the time series, historical data are also published on the same basis. For 2015,

¹ Methodological assumptions underlying the Commission autumn 2016 forecast, available at: http://ec.europa.eu/economy_finance/publications/eip/forecasts_en.htm).

² Available at: <http://ec.europa.eu/eurostat/documents/1015035/2041337/FT-Eurostat-Decision-9-July-2009-3-final-.pdf>.

this implies a debt-to-GDP ratio in the euro area (19 MS) which is 2.2 percentage points higher than the consolidated general government debt ratio published by Eurostat in its news release 186/2015 of 21 October 2016³. General government debt projections for individual Member States in 2016-18 include the impact of guarantees to the EFSF⁴, bilateral loans to other Member States, and the participation in the capital of the ESM as planned on the cut-off date of the forecast.

According to the Commission autumn 2016 forecast, the aggregate budgetary measures in the DBPs for 2016 increase the aggregate deficit by around 0.1% of GDP. Expenditure measures are estimated to reach around 0.1% of GDP in the aggregate, while revenue measures, in the aggregate, have a deficit-increasing effect of less than 0.1% of GDP. Overall, the mechanical impact on growth in the short-term would be only marginal (less than 0.1 percentage point).

It is important to be prudent in interpreting this estimate:

- Not acting on fiscal imbalances could heighten financial-asset fragility and lead to higher spreads and lending rates, with a negative impact on growth.
- The Regulation aims at evaluating the effect of the measures taken in the DBPs. So measures taken and having entered into force before the DBP are not included in the assessment (even if they can affect the forecast).
- Measures taken with effect in 2017 can also compensate for existing measures having a one-off impact in 2016 and for the trend increase in expenditure. At the EA-18 aggregate level, the Commission evaluates one-offs in 2016 at 0.1% of GDP (implying an improvement in the government balance) and the trend increase in expenditures (as measured by the change in the cyclically-adjusted primary expenditure ratio) in absence of policy measures at -0.1% of GDP.

³ Available at: <http://ec.europa.eu/eurostat/documents/2995521/7704449/2-21102016-AP-EN.pdf/f113daf6-9f48-4bb1-832d-e3a71e5ef009>.

⁴ In line with the Eurostat decision of 27 January 2011 on the statistical recording of operations undertaken by the EFSF, available at: <http://ec.europa.eu/eurostat/documents/2995521/5034386/2-27012011-AP-EN.PDF>.

ANNEX III: Sensitivity analysis

According to Article 7 of Regulation (EU) No 473/2013, "the overall assessment shall include sensitivity analyses that provide an indication of the risks to public finance sustainability in the event of adverse economic, financial or budgetary developments". This Annex therefore presents a sensitivity analysis of public debt developments to possible macroeconomic shocks (to growth, interest rates and the government primary balance), relying on results from stochastic debt projections⁵. The analysis allows gauging the possible impact on public debt dynamics of downside and upside risks to nominal GDP growth, the effects of positive/negative developments on financial markets, translating into lower/higher borrowing costs for governments, and fiscal shocks affecting the government budgetary position.

With stochastic projections the uncertainty in future macroeconomic conditions is featured in the analysis of public debt dynamics around a 'central' debt projection scenario, which corresponds respectively to the Commission 2016 autumn forecast scenario and the DBPs' forecast scenario in the two panels of the graph below, reporting results for the EA-18 (in both cases the usual no-fiscal policy change assumption is made beyond the forecast horizon)⁶. Shocks are applied to the macroeconomic conditions (short-term and long-term interest rates on government bonds; growth rate; government primary balance) assumed in the central scenario to obtain the 'cone' (distribution) of possible debt paths presented in the graph below. The cone corresponds to a wide set of possible underlying macroeconomic conditions, with as many as 2000 shocks simulated on growth, interest rates and the primary balance. The size and correlation of the shocks reflect the variables' historical behaviour⁷. This implies that the methodology does not capture real-time uncertainty, which at the present juncture may be higher especially for the output gap. The resulting fan charts in the graph below therefore provide probabilistic information on debt dynamics for the EA-18, taking into account the possible occurrence of shocks to growth, interest rates and the primary balance of a magnitude and correlation mirroring those observed in the past.

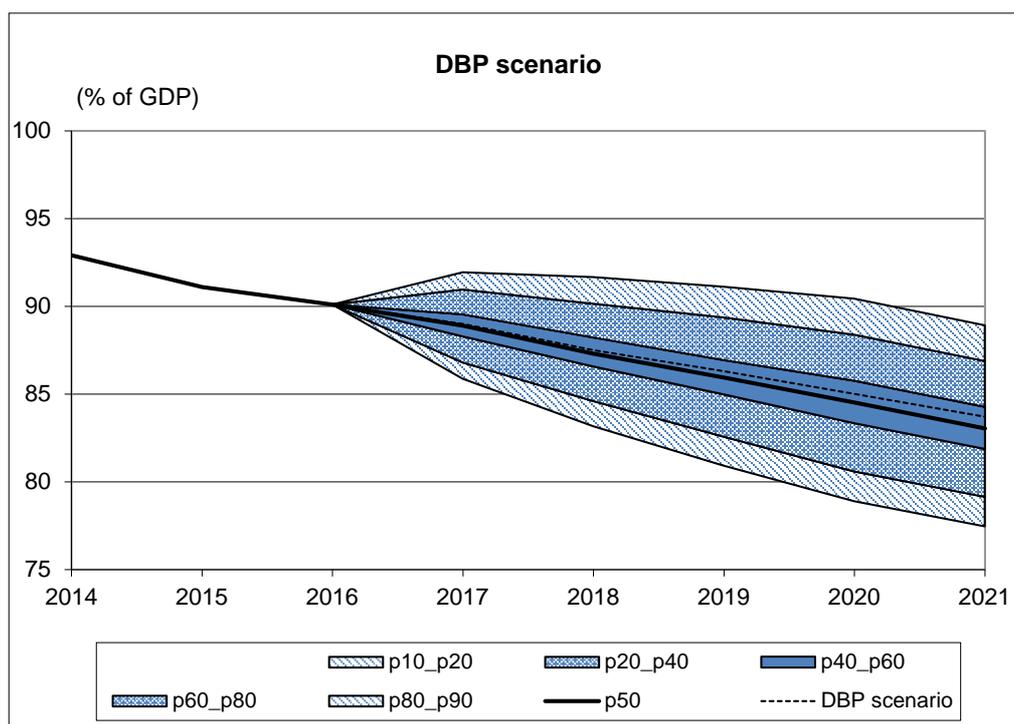
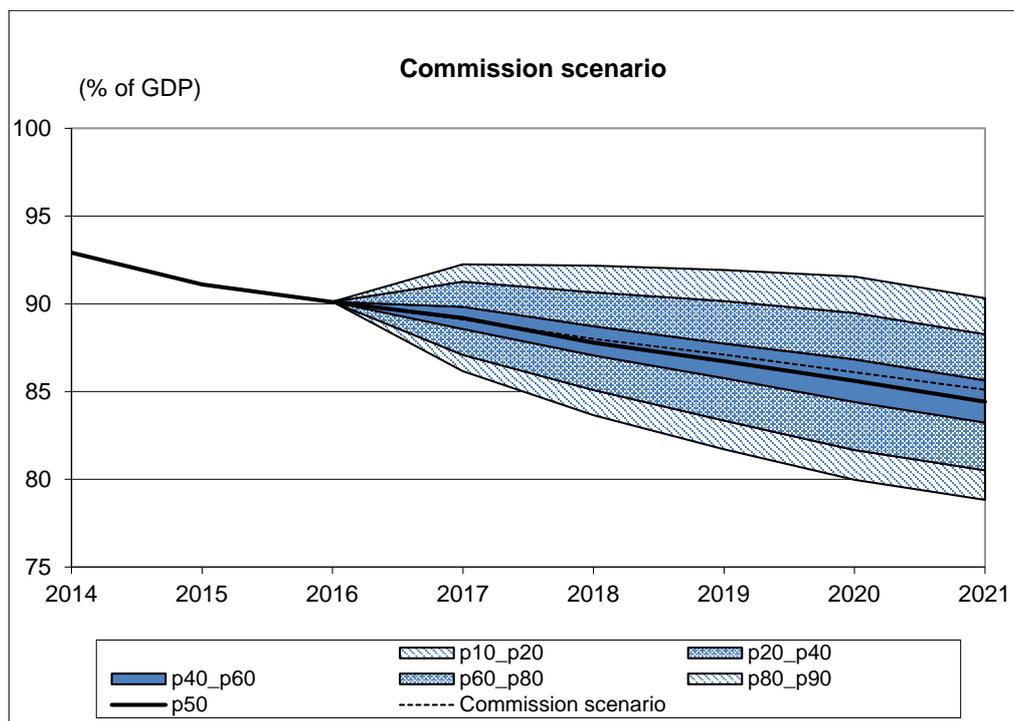
The fan charts report the projected debt path under the central scenario (around which macroeconomic shocks are applied) as a dashed line, and the debt projection trajectory that divides into two halves the whole set of possible trajectories obtained by applying the shocks (the median) as a solid black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

⁵ The methodology for stochastic public debt projections used here is presented in the European Commission's Fiscal Sustainability Report 2015, Section 1.3.2, and in Berti K. (2013), "Stochastic public debt projections using the historical variance-covariance matrix approach for EU countries", *European Economy Economic Paper* No. 480.

⁶ This entails that the EA-18 structural primary balance is assumed to remain constant at the last forecasted value – a 0.8% surplus in 2017 in the DBP scenario, against a 0.5% surplus in 2018 in the Commission scenario – over the rest of the projection horizon.

⁷ The assumption is made that shocks follow a joint normal distribution.

Graph A3.1: Fan charts from stochastic public debt projections around the Commission's forecast scenario and the Draft Budgetary Plans' (DBP) forecast scenario



For both the Commission and the DBP forecast scenario, the fan charts highlight a probability of around 50% of a worse than forecasted debt-to-GDP ratio for the EA in 2017, due to the

occurrence of adverse macroeconomic shocks⁸. Accounting for both downside and upside risks to the government primary balance, growth and financial market conditions in the two scenarios leads to a EA-18 debt in 2017 lying between around 86% and 92% of GDP with an 80% probability (as the cone represents 80% of all possible simulated debt paths). Lower and upper bounds of the debt ratio interval in 2017 would be fairly similar for the Commission scenario compared to the DBP scenario, due to a very small difference between the respective central forecasts to which shocks apply (a debt ratio at around 89% in the Commission scenario and the DBP scenario).

Beyond 2017, the horizon of the current DBPs, simulation results show that the difference in projected debt ratios under shocks between the Commission and the DBP scenarios remains fairly limited. At the end of the projection horizon considered in the fan charts (2021), there would be a 50% probability of a debt ratio higher than around 83% and 84½% of GDP in the DBP and Commission scenarios respectively. This difference is mainly due to the structural primary balance kept constant at a higher last forecasted surplus in the DBP scenario compared to the Commission scenario.

Note that since the size and correlation of the shocks reflect the variables' historical behaviour, the methodology does not capture real-time uncertainty, such as may exist in particular for assessing the output gap. Bearing in mind the past experience of significant revisions of output gap estimates, often in the direction of lower potential output than thought in real time, this suggests an additional source of risks on future debt paths that is not reflected in the previous analysis.

⁸ In 2017, the dashed line representing forecasts for the central scenario in the two fan charts corresponds, in both the DBP and Commission scenario, with the line indicating the 50th distribution percentile (meaning that 50% of all possible values for the debt-to-GDP ratio in 2017 would lie above the forecasted value).

ANNEX IV. Graphs and Tables

Table A4.1: Headline deficit targets (% of GDP) for the EA-18 according to the Stability Programmes (SP), the Draft Budgetary Plans (DBP) and the Commission 2016 autumn forecast (COM)

Country	2016			2017		
	SP	DBP	COM	SP	DBP	COM
BE	-2.5	-3.0	-3.0	-1.4	-1.7	-2.3
DE	-0	½	0.6	-0	¼	0.4
CY	- 2/4	-0.3	-0.3	- 2/4	-0.6	-0.4
EE	-0.4	0.3	0.5	-0.5	-0.6	-0.4
ES	-3.6	-4.6	-4.6	-2.9	-3.6	-3.8
FR	-3.3	-3.3	-3.3	-2.7	-2.7	-2.9
IE	-1.1	-0.9	-0.9	-0.4	-0.4	-0.5
IT	-2.3	-2.4	-2.4	-1.8	-2.3	-2.4
LT	-0.8	-0.7	-0.6	0.0	-0.3	-0.8
LV	-1.0	-0.9	-0.8	-1.0	-1.1	-1.1
LU	0.8	1.2	1.3	0.0	0.3	0.0
MT	-0.7	-0.7	-0.7	-0.6	-0.5	-0.6
NL	-1.7	-1.1	-0.8	-1.2	-0.5	-0.3
AT	-1.6	-1.4	-1.5	-1.5	-1.2	-1.3
PT	-2.2	-2.4	-2.7	-1.4	-1.6	-2.2
SI	-2.2	-2.2	-2.4	-1.6	-1.3	-2.0
SK	-2.1	-2.0	-2.2	-1.3	-1.3	-1.5
FI	-2.5	-2.4	-2.4	-2.1	-2.6	-2.5
EA	-1.9	-1.8	-1.8	-1.4	-1.5	-1.5

Table A4.2: Changes in structural balance (% of GDP) for the EA-18 according to the Stability Programmes (SP), the Draft Budgetary Plans (DBP) and the Commission 2016 autumn forecast (COM)

Country	2016			2017		
	SP	DBP	COM	SP	DBP	COM
BE	0.5	-0.2	-0.1	0.8	1.4	0.7
DE	-0.7	0.0	-0.2	0.1	-0.2	-0.2
CY	-1.4	-1.6	-1.5	-1.2	-1.9	-1.4
EE	-0.5	0.7	0.8	-0.2	-0.7	-0.8
ES	0.2	-0.7	-1.0	0.2	-0.1	0.0
FR	0.2	0.1	0.1	0.3	0.5	0.2
IE	0.1	-0.2	0.1	1.1	0.8	0.7
IT	-0.6	-0.6	-0.5	0.0	-0.5	-0.5
LT	-0.3	-0.5	-0.3	0.7	0.3	-0.4
LV	0.3	0.1	0.4	0.1	-0.3	-0.2
LU	-0.2	-0.2	-0.3	-1.1	-1.4	-1.5
MT	0.7	1.2	1.1	0.7	0.8	0.4
NL	-0.6	0.2	0.7	0.4	0.3	0.3
AT	-1.0	-1.0	-1.0	-0.1	0.1	0.1
PT	0.3	0.0	-0.1	0.3	0.3	0.0
SI	0.5	0.0	-0.2	0.1	0.4	-0.2
SK	0.6	0.3	0.3	0.8	0.6	0.6
FI	-0.1	-0.1	0.0	0.1	-0.3	-0.3
EA	-0.3	-0.2	-0.2	0.2	0.1	0.0

Table A4.2b: Changes in structural primary balance (% of GDP) for the EA-18 according to the Stability Programmes (SP), the Draft Budgetary Plans (DBP) and the Commission 2016 autumn forecast (COM)

Country	2016			2017		
	SP	DBP	COM	SP	DBP	COM
BE	0.3	-0.6	-0.5	0.6	1.1	0.5
DE	-0.9	-0.2	-0.4	-0.1	-0.3	-0.3
CY	-1.6	-1.8	-1.7	-1.4	-2.0	-1.6
EE	-0.5	0.7	0.8	-0.2	-0.7	-0.8
ES	0.0	-1.1	-1.3	0.0	-0.2	-0.2
FR	0.1	-0.1	0.0	0.3	0.5	0.1
IE	-0.4	-0.4	-0.2	0.9	0.6	0.5
IT	-0.7	-0.7	-0.7	-0.2	-0.7	-0.7
LT	-0.4	-0.6	-0.3	0.6	0.2	-0.5
LV	0.2	-0.1	0.2	-0.1	-0.4	-0.3
LU	-0.2	-0.2	-0.3	-1.2	-1.4	-1.5
MT	0.5	0.9	0.7	0.6	0.6	0.3
NL	-0.6	0.0	0.5	0.4	0.2	0.2
AT	-1.2	-1.2	-1.1	-0.3	-0.1	0.0
PT	0.1	-0.2	-0.3	0.1	0.3	0.0
SI	0.4	-0.2	-0.4	-0.2	0.0	-0.3
SK	0.4	0.0	0.1	0.7	0.4	0.5
FI	-0.1	-0.2	0.0	0.0	-0.4	-0.3
EA	-0.4	-0.4	-0.4	0.1	-0.1	-0.2

Table A4.3: Debt-to-GDP ratio (% of GDP) for the EA-18 according to the Stability Programmes (SP), the Draft Budgetary Plans (DBP) and the Commission 2016 autumn forecast (COM)

Country	2016			2017		
	SP	DBP	COM	SP	DBP	COM
BE	106.2	107.0	107.0	104.7	106.5	107.1
DE	68.2	68.4	68.1	65.8	65.9	65.7
CY	105.6	108.3	107.1	101.7	105.3	103.7
EE	9.6	9.6	9.4	10.4	10.3	9.5
ES	99.1	99.8	99.5	99.0	99.7	99.9
FR	96.2	96.1	96.4	96.5	96.0	96.8
IE	88.2	76.0	75.4	85.5	74.3	73.6
IT	132.4	132.8	133.0	130.9	132.6	133.1
LT	41.1	40.9	40.8	39.9	42.9	43.3
LV	40.3	40.1	40.0	38.3	39.1	37.2
LU	22.4	23.2	23.2	22.9	23.6	23.3
MT	62.6	63.3	62.1	60.4	61.9	59.9
NL	65.4	63.4	63.0	64.1	62.1	61.3
AT	84.3	83.2	83.5	82.6	80.9	81.1
PT	124.8	129.7	130.3	122.3	128.3	129.5
SI	80.2	80.2	80.2	78.2	78.2	78.3
SK	52.9	53.5	53.3	52.2	52.7	52.7
FI	65.0	65.3	65.4	66.7	66.7	67.1
EA	90.3	90.1	90.1	89.0	89.0	89.1

Table A4.4: Real GDP growth (%) for the EA-18 according to the Stability Programmes (SP), the Draft Budgetary Plans (DBP) and the Commission 2016 autumn forecast (COM)

Country	2016			2017		
	SP	DBP	COM	SP	DBP	COM
BE	1.2	1.4	1.2	1.5	1.2	1.3
DE	1.7	1.8	1.9	1.5	1.4	1.5
CY	2.2	2.7	2.8	2.5	2.8	2.5
EE	2.0	1.3	1.1	3.0	2.5	2.3
ES	2.7	2.9	3.2	2.4	2.3	2.3
FR	1.5	1.5	1.3	1.5	1.5	1.4
IE	4.9	4.2	4.1	3.9	3.5	3.6
IT	1.2	0.8	0.7	1.4	1.0	0.9
LT	2.5	2.3	2.0	3.2	2.7	2.7
LV	3.0	2.5	1.9	3.3	3.5	2.8
LU	2.9	3.1	3.6	4.5	4.6	3.8
MT	4.2	3.9	4.1	3.1	3.5	3.7
NL	1.8	1.7	1.7	2.0	1.7	1.7
AT	1.6	1.7	1.5	1.6	1.5	1.6
PT	1.8	1.2	0.9	1.8	1.5	1.2
SI	1.7	2.3	2.2	2.4	2.9	2.6
SK	3.2	3.6	3.4	3.6	3.5	3.2
FI	0.9	1.1	0.8	1.2	0.9	0.8
EA	1.8	1.7	1.7	1.7	1.6	1.5

Table A4.5: Composition of fiscal consolidation in 2016 and 2017 for the EA-18 according to the Stability Programmes (SP), the Draft Budgetary Plans (DBP) and the Commission 2016 autumn forecast (COM)

% potential GDP unless otherwise specified	2016			2017		
	SP	DBP	COM	SP	DBP	COM
Cyclically-adjusted revenue ratio	46.0	46.1	46.2	45.9	46.0	46.1
p.p. change with respect to previous year	-0.5	-0.4	-0.3	-0.1	-0.1	0.0
Cyclically adjusted-primary expenditure ratio	45.1	45.3	45.2	44.8	45.2	45.3
p.p. change with respect to previous year	-0.1	0.0	0.0	-0.3	-0.1	0.0
Interest expenditure ratio	2.2	2.1	2.2	2.1	2.0	2.0
p.p. change with respect to previous year	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1
Change in structural balance	-0.3	-0.2	-0.2	0.2	0.1	0.0

Table A4.6: Short-term elasticities underlying revenue projections for 2017 in EA-18: Draft Budgetary Plans (DBP) versus Commission 2016 autumn forecast (COM) and OECD

	DBP	COM	OECD
BE	0.7	0.9	1.0
DE	1.0	1.1	1.0
CY	0.7	0.9	1.2
EE	0.8	1.1	1.1
ES	0.9	1.0	1.0
FR	0.9	1.0	1.0
IE	1.0	1.1	1.1
IT	1.0	0.9	1.1
LT	1.1	1.4	1.1
LV	0.6	1.1	0.9
LU	1.0	0.7	1.0
MT	0.9	0.8	1.0
NL	1.1	0.4	1.1
AT	1.5	1.5	1.0
PT	0.8	0.8	1.0
SI	0.8	0.8	1.0
SK	0.6	1.1	1.0
FI	1.5	1.0	0.9
EA	1.0	1.0	1.0

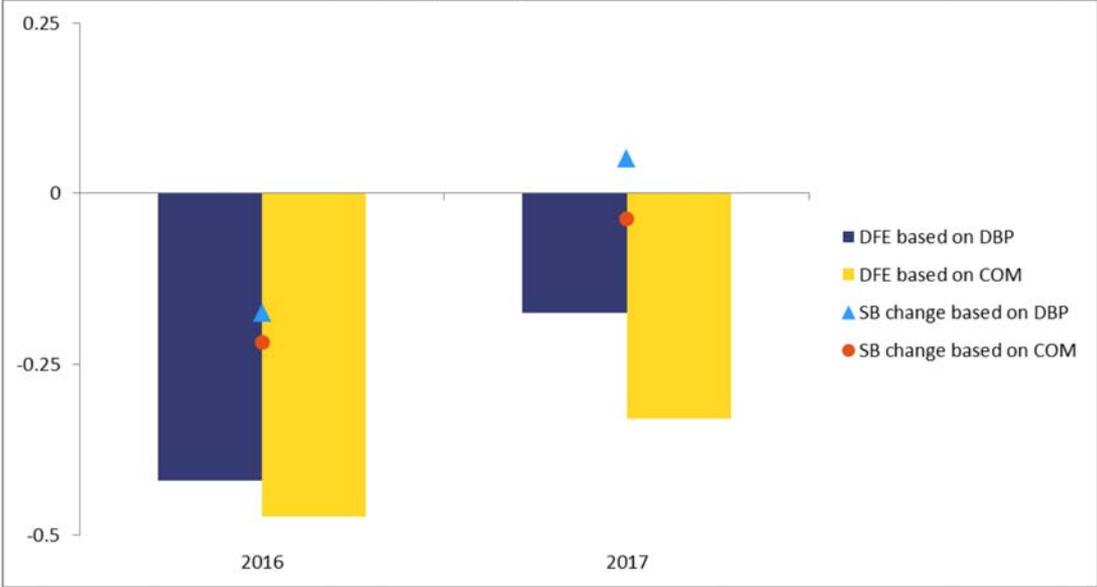
Note: the comparison between the elasticities derived from the DBPs and the Commission's forecast, on the one hand, and the OECD's elasticities, on the other, should be made with care. While the first two are net elasticities to GDP growth, the latter are, strictly speaking, computed with respect to the output gap. Differences are in general minor.

Table A4.7: Medium-Term budgetary Objectives (MTOs), as nominated in the spring Stability Programmes, and Minimum Benchmarks (MB) as from 2017 for EA-18

	MTO	MB
BE	0	-1.7
DE	-0.5	-1.5
EE	0	-1.7
IE	-0.5	-1.3
ES	0	-1.1
FR	-0.4	-1.3
IT	0	-1.5
CY	0	-1.6
LV	-1	-1.7
LT	-1	-1.5
LU	-0.5	-1.5
MT	0	-1.8
NL	-0.5	-1.1
AT	-0.5	-1.6
PT	0.25	-1.6
SI	0.25*	-1.4
SK	-0.5	-1.7
FI	-0.5	-1.1

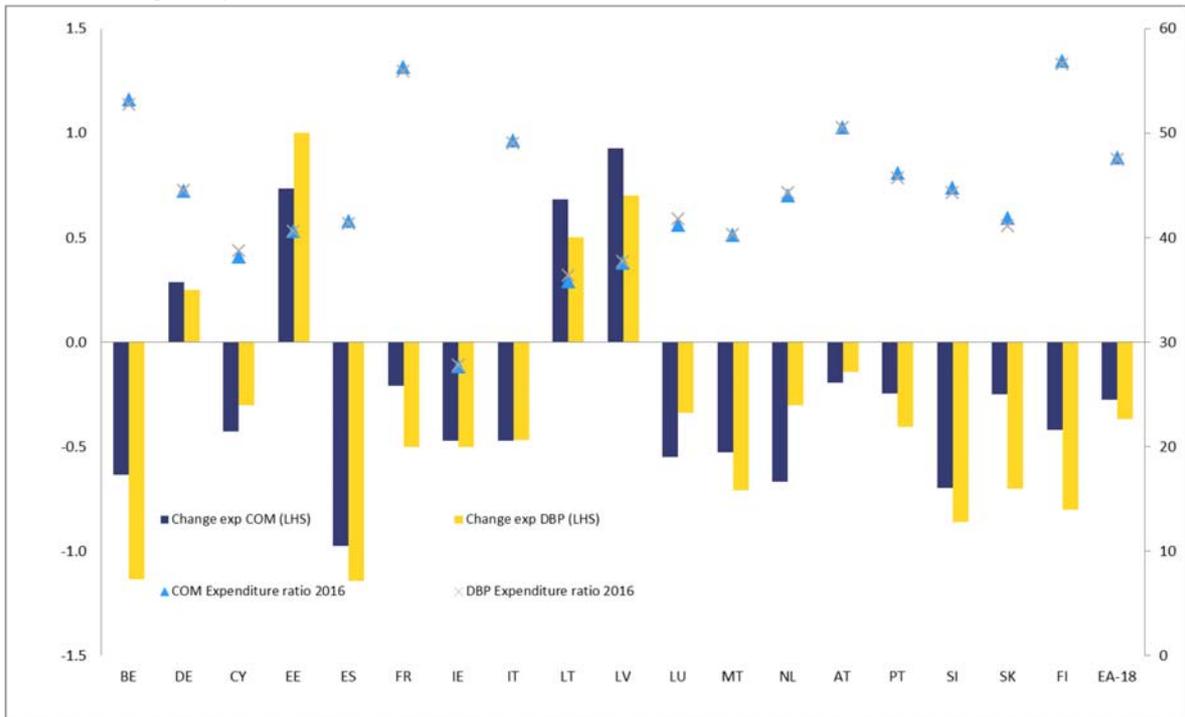
Note: * in the case of Slovenia, the table shows the minimum MTO, since Slovenia nominated an MTO in its 2016 Stability Programme, which does neither adequately take into account the need to bring debt below the Treaty reference value nor the implicit liabilities related to ageing.

Graph A4.1: Discretionary Fiscal Effort: Draft Budgetary Plans (DBP) versus Commission 2016 autumn forecast (COM)



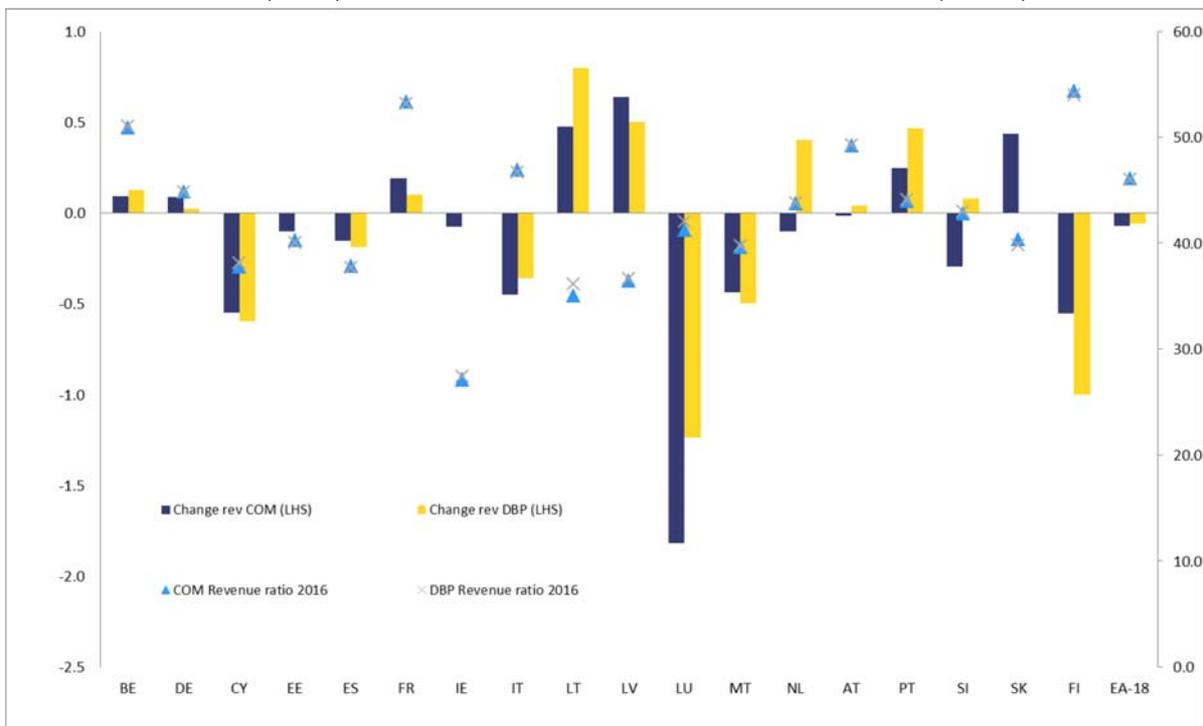
Note: The data provided in the Draft Budgetary Plans per se is not sufficiently detailed to calculate the DFE. Additional information provided by ECFIN country desks was thus used to approximate the DFE.

Graph A4.2a: Projected changes in expenditure ratios for 2017 in EA-18: Draft Budgetary Plans (DBP) versus Commission 2016 autumn forecast (COM)



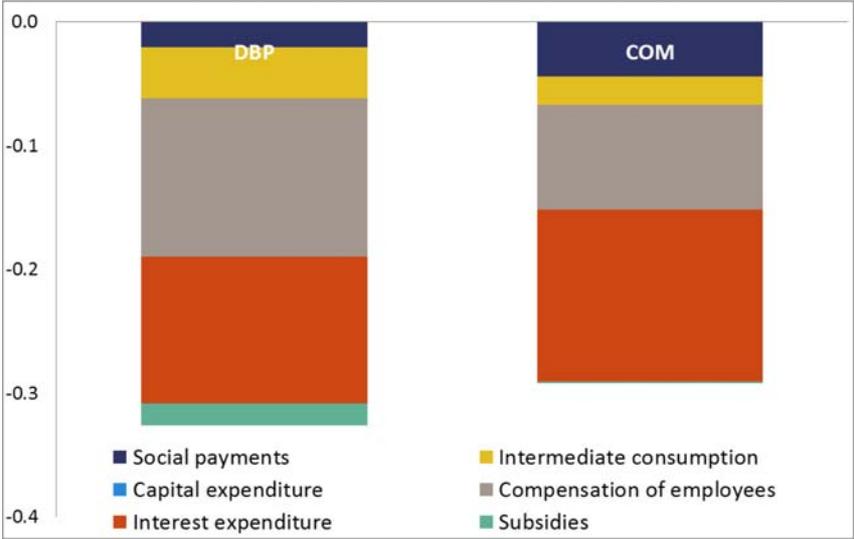
The graph shows the changes in expenditure ratios (lhs) between 2016 and 2017 and the ratios in 2017 (rhs).

Graph A4.2b: Projected changes in revenue ratios for 2017 in EA-18: Draft Budgetary Plans (DBP) versus Commission 2016 autumn forecast (COM)



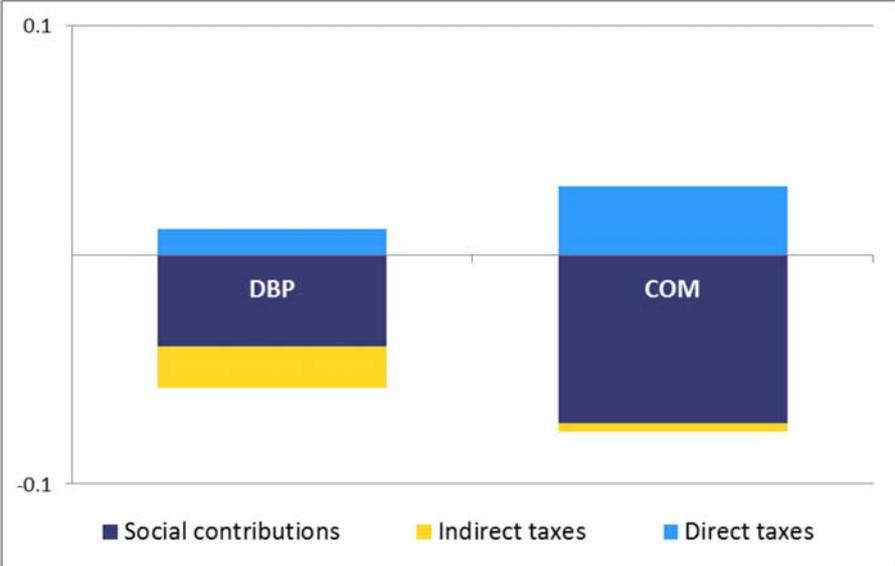
The graph shows the changes in revenue ratios (lhs) between 2016 and 2017 and the ratios in 2017 (rhs).

Graph A4.3a: Projected changes in main types of expenditure (% of GDP) for 2017 in EA-18: Draft Budgetary Plans (DBP) versus Commission 2016 autumn forecast (COM)



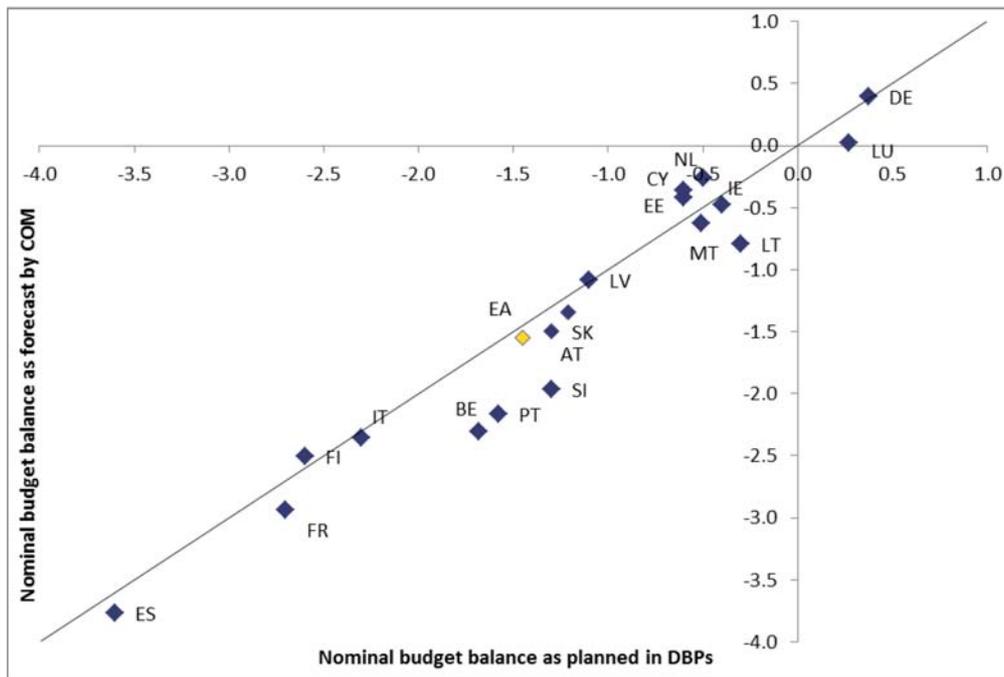
The graph shows the contributions from the main components of expenditure to the projected changes in expenditure-to-GDP ratios.

Graph A4.3b: Projected changes in main types of tax revenue (% of GDP) for 2017 in EA-18: Draft Budgetary Plans (DBP) versus Commission 2016 autumn forecast (COM)



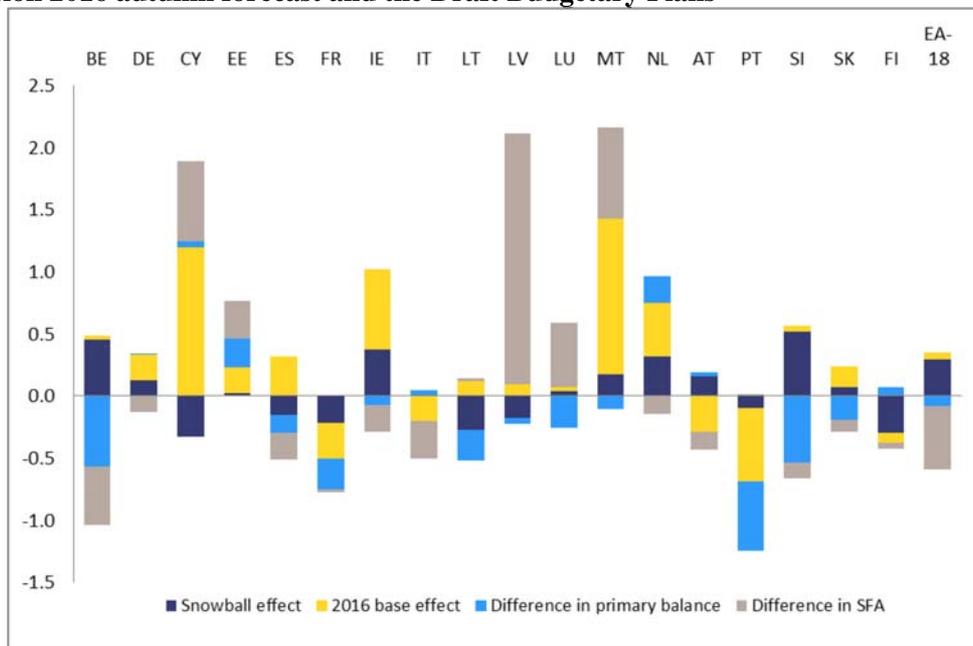
The graph shows the contributions from the main components of revenue to the projected changes in revenue-to-GDP ratios.

Graph A4.4: Comparison of headline government balance (% of GDP) as projected for 2017 by the Commission 2016 autumn forecast (COM) and by the Draft Budgetary Plans (DBP)



The graph plots the 2017 nominal budget balances from the Commission's forecast (horizontal axis) against those planned in the DBPs (vertical axis). Member States above (below) the bi-sector line are those where the Commission forecasts a higher (lower) nominal balance than the DBPs.

Graph A4.5: Decomposition of the difference in debt targets (% of GDP) for 2017 between the Commission 2016 autumn forecast and the Draft Budgetary Plans



The graph breaks the projected differences in debt-to-GDP ratios down into differences in base effects, primary balances, stock-flow adjustments and snowball effects. The snowball effect represents the difference between projected growth rates and interest rates.