

## **AIReF ENDORSES ANDALUSIA'S MACROECONOMIC FORECASTS FOR 2023**

**The Independent Authority for Fiscal Responsibility (AIReF) endorses and considers the forecasts for 2023 presented by Andalusia feasible. These forecasts are prepared in a context of uncertainty that complicates their assessment at a national level, but heightens them at a territorial level. Although the estimated GDP rate for 2023 made by Andalusia is higher than AIReF's estimate, it falls within the range of estimates of the consensus of analysts and the real growth expected is lower than the forecast made in the macroeconomic outlook that accompanies the General State Budget (GSB). Furthermore, the GDP deflator estimate made by Andalusia is practically in line with AIReF's estimate, and hence the differences in the Region's nominal GDP estimates are exclusively down to the differences in real growth.**

According to the Law on the Establishment of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all General Government sub-sectors must include a report from the institution indicating whether they have been endorsed.

However, Royal Decree 215/2014, of March 28<sup>th</sup>, approving the Organic Statute of AIReF, states that in the event that any General Government body incorporates or applies in the corresponding budget a set of forecasts that exactly corresponds to those incorporated by another General Government body integrated in its territorial scope and which has been endorsed by AIReF, it will not be necessary to issue a specific report. This circumstance shall be expressly stated in the draft Budget.

The macroeconomic scenario of Andalusia is framed in a context in which the materialisation of a number of risks identified by AIReF since the end of 2021, and particularly over the course of 2022, will impact the economic outlook of the European Union and Spain in the coming years. Specifically, AIReF indicates the risks surrounding the energy crisis, the persistence of inflation and the tightening of financing conditions.

According to the macroeconomic scenario of Andalusia, regional GDP could grow by 4.3% in 2022. This forecast falls within the range of forecasts available by other private bodies and institutions, although it is optimistic compared with AIReF's estimate, which takes into account the rapid decline being recorded by most economic activity indicators and the outlook for the worsening of economic growth of its main European partners.

For 2023, Andalusia estimates GDP growth in volume terms of 1.9%, a rate that is higher than AIReF's estimate of 1.1%, but within the range of estimates made by other bodies for this Region. Furthermore, the real growth expected by this Autonomous Region is lower than the estimate provided for in the macroeconomic outlook that accompanies the General State Budget for the Spanish economy as a whole. In addition, this Autonomous Region has made estimates of the GDP deflator of the economy of Andalusia. The estimate of the GDP deflator of Andalusia stands at 4.5%, practically in line with AIReF's estimate. Consequently, the differences in the Region's nominal GDP estimates are exclusively down to the differences in the estimates of real growth.

## NOTA DE PRENSA 24/10/2022

AIReF notes that these macroeconomic forecasts are made in a context of uncertainty that complicates their assessment at a national level, but heightens them at a territorial level, since the latest information available on the Spanish Regional Accounts relates to the year 2020, published in December 2021. Furthermore, this is not consistent with the most recent information on the National Accounts following the latest statistical revisions made by the National Statistics Institute for the years 2019 to 2021, published on September 15<sup>th</sup>, 2022. Taking these constraints into account, AIReF considers that the forecasts for 2023 presented by this Region are feasible and, as such, endorses them.

Given the importance of medium-term planning, AIReF stresses that it would be desirable to include a macroeconomic scenario that covers a longer period than the general annual budget.

AIReF underlines that Andalusia complies with the recommendation to submit the information on the macroeconomic forecasts and corresponding request for endorsement, prior to the publication of the draft budget. Furthermore, the Region has followed the advice on good practices to include a comparison with other independent forecasts and to provide detailed information on the econometric techniques, models and parameters and on the assumptions used therein. As with the other Autonomous Regions that have received a report on their macroeconomic forecasts, AIReF makes a recommendation to Andalusia to include the assumptions on the macroeconomic impact associated with the Recovery, Transformation and Resilience Plan (RTRP) for the period forecast, among the information provided.