

**PRESS RELEASE**  
**31/10/2024**

## **AIReF ENDORSES MACROECONOMIC FORECASTS FOR THE CANARY ISLANDS FOR 2025**

The Independent Authority for Fiscal Responsibility (AIReF) endorses the forecasts accompanying the draft budget of the Autonomous Region of the Canary Islands for 2025, which presents growth estimates in the Gross Domestic Product (GDP) in volume terms and inflows, employment and the GDP deflator for 2024 and 2027 that differ from the latest estimates of the Government of Spain's macroeconomic scenario for the country as a whole.

In accordance with the provisions of the Organic Law on the Creation of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all General Government (GG) authorities must include a report from AIReF indicating whether they have been endorsed.

The Canary Islands estimates GDP growth in volume terms of 1.9% for 2025, which is lower than AIReF's forecast of 2.2% and is below the range of other agencies' forecasts for the region. However, it should be borne in mind that some of these forecasts do not fully take into account recent revisions to the Spanish National Accounts.

It should be stressed that the macroeconomic forecasts for the Autonomous Regions (ARs) are performed in a context of great uncertainty. In addition to the risks stemming from the geopolitical environment, there is another fundamental source of uncertainty in the case of the ARs related to the lack of essential information for drawing up the macroeconomic scenarios of these GG authorities. Specifically, the latest figures available from the Spanish Regional Accounts refer to 2022, published in December 2023. AIReF recalls that up to and including 2020, the National Statistics Institute (INE) made an initial estimate of the Spanish Regional Accounts in April of each year. As of 2021, that estimate is made in December. This means that, until December 2024, the Regional Accounts series, consistent with the 2024 Statistical Revision published on September 18<sup>th</sup>, will not be available. Moreover, in the case of the Canary Islands, the INE revision will also contain a methodological change in the calculation of net taxes on products that will affect the nominal values of the GDP of the region. This lack of information hinders the preparation of macroeconomic forecasts and the budgetary planning of ARs which, in a system as decentralised as Spain's, may potentially have repercussions on compliance with national and European fiscal rules and commitments.

AIReF highlights the fact that the Canary Islands complies with the recommendation to submit, prior to the publication of the draft budget, the information on the macroeconomic forecasts that underpin the budget and the corresponding request for endorsement. It also complies with the best practice advice regarding the inclusion of a comparison with other independent forecasts and the provision of information on the econometric techniques, models and parameters used, as well as on the assumptions underpinning its forecasts. The Canary Islands has also included expenditure forecasts in terms of the Regional Accounts, thereby complying with the best practice advice that AIReF has been issuing since 2020.

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AIReF also stresses that the Canary Islands continues to satisfactorily comply with other recommendations and best practice advice such as extending the forecasting horizon of the macroeconomic scenario beyond the period of the annual general budget, thereby carrying out medium-term planning, quantifying the expected impact of the Recovery, Transformation and Resilience Plan (RTRP) and drawing up forecasts for the GDP deflator.