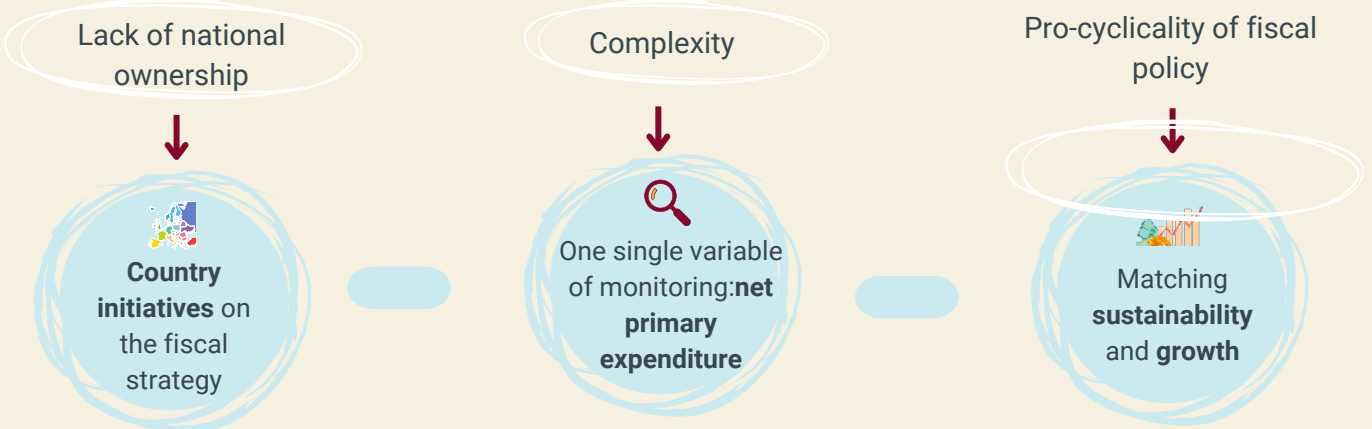


REPORT ON THE MEDIUM-TERM STRUCTURAL PLAN 2025-2028

Reform of the European fiscal governance framework

It came into force on April 30th and sought to overcome the **limitations** of the previous framework:



The Structural-Fiscal Plans are the **central element** to achieve these objectives: the development of the plan, as well as its content and ambition, are key to the success of the reform



Spain submitted its Structural-Fiscal Plan on October 15th

4-year plan, 2025-2028, with a request for a **7-year extension**, until 2031, to include **reforms** and **investments**

	2024	Average 2025-2028	2025	2026	2027	2028	2029	2030	2031
Spanish MTP proposal	5,3	3,0	3,7	3,5	3,2	3,0	3,0	2,5	2,4
Commission reference path	3,8	2,8	3,2	2,8	2,7	2,7	2,7	2,6	2,5

- 2024 closing forecast different from the Commission
- Two tenths of a percentage point difference in the average path
- Spending constraints are postponed
- No national debate nor consultation
- Macroeconomic scenario only for 2025 and 2026
- Spending path without a breakdown or detail of measures



AIReF's Constant Policies Scenario

Due to the lack of information, AIReF presents a **constant policies scenario** with a higher net expenditure leading to a **higher deficit** in 2031 and 2041

NET EXPENDITURE GROWTH RATE 2024-2031. MTP VS AIREF (%VAR AND BILLIONS OF EUROS)

Tasa crecimiento del gasto computable	2024	2025	2026	2027	2028	2029	2030	2031
Gobierno PFEMP								
Anual	5,3	3,7	3,5	3,2	3,0	3,0	2,5	2,4
Acumulado		3,7	7,3	10,8	14,1	17,5	20,4	23,3
AIReF política constantes								
Anual	4,1	3,7	4,0	3,7	3,4	3,8	3,4	3,3
Acumulado		3,7	7,9	11,9	15,7	20,1	24,3	28,5
Gasto primario neto (MM€)	650,3	681,5	707,5	735,7	763,4	794,9	824,6	854,9
Medidas discrecionales de ingresos (MM€)	6,5	7,4	-1,6	2,3	2,8	2,8	2,8	2,8
Gasto primario neto de medidas de ingresos (MM€)	643,8	674,2	709,1	733,5	760,7	792,1	821,8	852,1

Deficit in 2031 Deficit in 2041
Fiscal plan

0,8%

2%

Deficit in 2031 Déficit in 2041
AIReF's scenario

3,1%

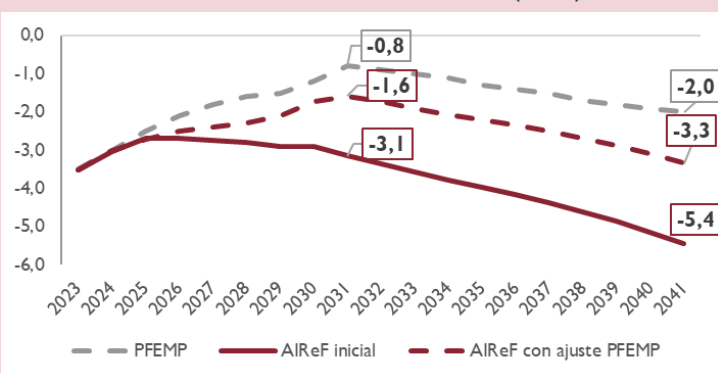
5,4%



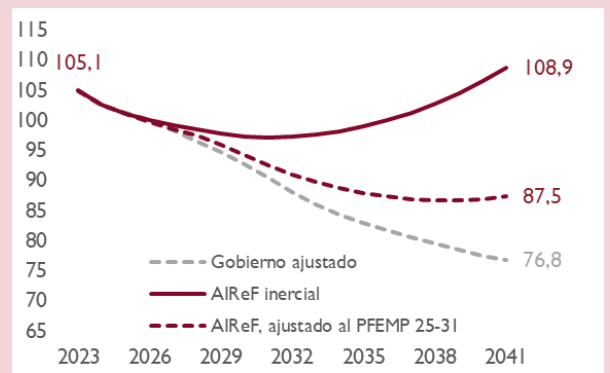
What happens when applying the Plan's expenditure path to AIReF's scenario?

The **public deficit** stands at **1,6% of GDP in 2031**, compared to the expected 0,8%, and at 3,3% in 2024, compared to the estimated 2%. **Public debt stagnates at around 87%**

PUBLIC DEFICIT EVOLUTION MTP VS AIREF (% GDP)



PUBLIC DEBT EVOLUTION MTP VS AIREF (% GDP)



The **closure of the 2024 net primary expenditure** will have a **significant effect** on the evolution of the fiscal path and the debt ratio in the following years and could imply the opening of an **Excessive Deficit Procedure**.



Assessments and recommendations

The Plan constitutes a **political commitment** to aggregate fiscal targets rather than a **real medium term fiscal strategy**, and the expenditure commitments **do not guarantee the deficit and debt targets yet**.



AIReF issues two recommendations to bring the **national expenditure rule** closer to the **European one**



AIReF recommends taking advantage of the transpositions of the directive on national fiscal frameworks to articulate a **credible and effective medium-term budgetary framework**, ensuring the **coherence, consistency and effectiveness** of the national fiscal framework