THE FIRST FISCAL-STRUCTURAL PLANS IN THE EU

We have performed an analysis of the first Fiscal-Structural Plans submitted by **Spain, Italy, Portugal, Greece, the Netherlands and France** following the entry into force of the new fiscal rules.

NATIONAL OWNERSHIP

- **National parliaments** have been involved in the process in Italy, Greece, Portugal and the Netherlands.
- **Independent Fiscal Institutions** have endorsed or reported on plans on elements as macroeconomic and fiscal projections. Participation has been voluntary except in Spain and the Netherlands. However, in Spain, participation has been limited to an endorsement of the macroeconomic scenario presented by the Government for the next two years.

CONTENT OF THE PLANS

- All countries make a **general reference to the economic policy strategy** that is defined, with reference to the recovery plans

Macroeconomic scenario

- All plans start from a table of **exogenous assumptions**. France and Spain do not reach T+4
- Only Italy goes beyond the Commission's requirements in the **definition of the scenarios**
- Italy, Portugal and the Netherlands include **more variables** in their projections
- No plan accommodates **an evaluation of deviations** from previous projections

Fiscal proyections

- All plans include a **fiscal scenario at constant policies** and one plan with **measures**. Italy goes beyond the European Commission's requirements
- In the **revenue and expenditure projections**, Italy, the Netherlands and Portugal extend them to T+4 and France to T+1, Spain and Greece only project for T
- No **reconciliation of past fiscal projections** is included by any country

Fiscal risks

- **Macroeconomic risks** are not evaluated beyond the debt sensitivity analysis
- The analysis of **specific fiscal risks** is confined to presenting the quantification of contingent liabilities related to guarantees and public enterprises, adapting them to Commission requirements

Fiscal policy strategy

- All plans define general qualitative sustainability-orientated **targets**
- All plans present **net primary expenditure forecasts**: Italy and Spain until 2031, France until 2029 and the rest until T+4 or T+5
- As regards the **measures** to achieve this path, Portugal, Greece, the Netherlands and France are the most disaggregated

Sustainability analysis

- All six countries present their **debt projections** according to the DSA methodology
- All plans perform a **debt sensitivity analysis,** except for the Netherlands. Italy, Portugal and the Netherlands extend the analysis by incorporating fan charts
- **Long-term trends** are not explicitly analysed. Only Spain includes the cost of ageing on the deficit and Italy on potential GDP

Structural reforms and investments

(for countries that have requested to extend the adjustment)

- **France** provides a brief description of the economic impact of the reforms on employment, growth and public expenditure
- **IItaly** includes an appendix describing the evaluation of the impact of reforms and investments
- **Spain** includes a section and an appendix on the assessment of the reforms and investments and a quantification in GDP and deficit

CONCLUSION

- In general, countries **follow the requirements of the European Commission**
- **Some countries go further** and provide greater disaggregation in fiscal measures or extend the projection horizon for all macroeconomic and fiscal variables and the impact of fiscal policy measures
- In general, **sustainability-relevant aspects** such as ageing, the analysis of forecast errors or the evaluation of fiscal errors a**re not considered and discussed** in detail
- **More specificity** between fiscal targets in terms of the net primary expenditure path, fiscal measures and fiscal strategy would be **desirable**