European Parliament

Implementation of the Stability and Growth Pact under pandemic times

This document provides an overview of key developments under the [preventive]() and [corrective]() arms of the Stability and Growth Pact on the basis of the latest Commission and Council decisions and recommendations in the framework of the Stability and Growth Pact and the latest European Commission economic forecasts. This document is regularly updated.

The first section of this document summarises the latest developments regarding the implementation of the Stability and Growth Pact (SGP) and the second section provides key public finance data for each EU Member State in relation with the currently applicable Council policy recommendations pertaining to the SGP.

1. Latest developments

Latest growth estimates

On 11 November 2021, the European Commission published its Autumn 2021 European Economic Forecast, according to which EU GDP is projected to grow - after an economic contraction of 5.9% in 2020 - by 5.0% in 2021 and by 4.3% in 2022. The figures have in general improved compared to the European Commission Spring 2021 European Economic Forecast, which estimated a contraction of 6.1% in 2020 and projected growth rates of 4.2% for 2021 and 4.4% for 2022. The autumn forecast figures have improved despite new challenges which have arisen: the supply side of the economy (incl. global logistics, raw materials and microprocessors) struggles to keep pace with the abrupt swings in the level and composition of global demand; sporadic localised pandemic-related lockdowns occur together with emerging labour shortages; surging energy prices. Main reasons for the improved growth forecasts are positive economic developments until the release the forecast, an improving labour market, still high savings, favourable financing conditions, the full deployment of the Recovery and Resilience Fund (RRF) and that supply bottlenecks are expected to loosen and energy prices to abate.

According to the autumn forecast, output and unemployment in the EU as a whole were virtually back to their pre-crisis levels in the third quarter of 2021. Most Member States are forecast to close the distance to their pre-crisis output levels by the end of 2021 and only a few countries afterwards (e.g. Germany in the first quarter of 2022 and Italy in the second quarter of 2022); the latest return to the pre-crisis output level will be in Spain (first quarter of 2023).

In the second quarter of 2021, while private consumption still stood about 5¾% lower than before the crisis (fourth quarter of 2019), the gap of investment spending (excluding Ireland, since it has particularly volatile

Economic Governance Support Unit (EGOV)
Author: Jost Angerer
Directorate-General for Internal Policies
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investment figures) closed. After falling by 5.3% in 2020, investment in the EU (excluding Ireland) is forecast to grow by 7.5% in 2021 and by 4.9% in 2022, with both public and private investment increasing. The EU's public investment-to-GDP ratio is projected to be back to its highest values since 2010.

After years of low inflation, the strong resumption of economic activity has been accompanied by a pick-up in inflationary pressures. The increases reflects to a large extent strong base effects, as factors that dragged down prices during the pandemic in 2020 are ceasing to play a role in 2021. In addition, increases in energy prices well above the pre-pandemic levels have fuelled new inflationary pressures and price increases have become broad-based, also under the impact of supply disruptions. As a result, Inflation in the euro area is set to peak at 3.7% in the last quarter of the year and continue recording high prints in the first half of 2022.

For an overview of the most recent forecast figures for EU Member States, please see separate EGOV document.

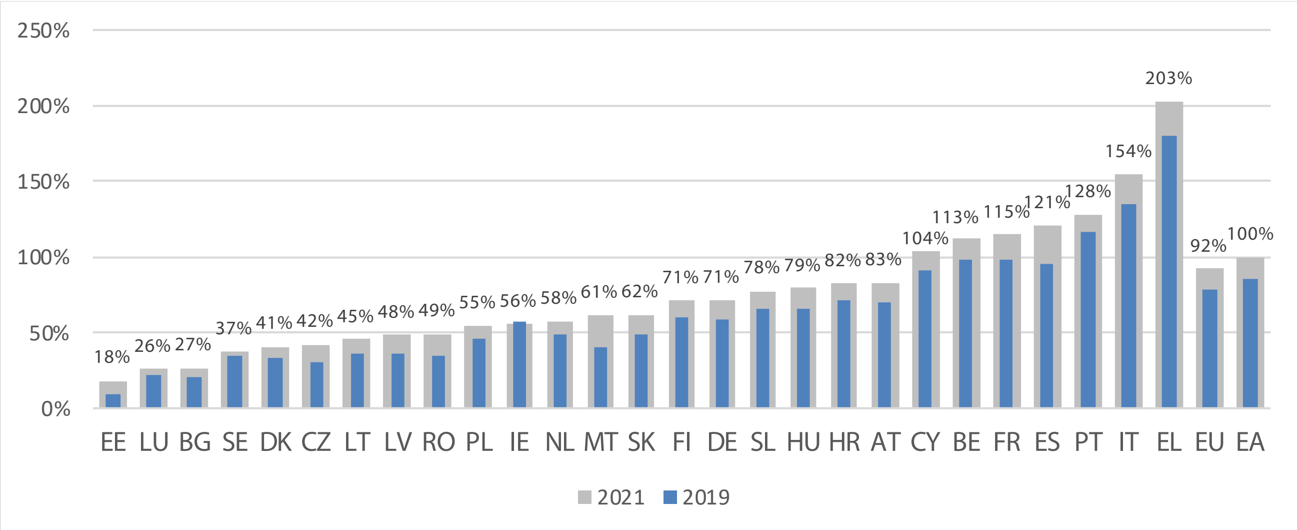
Latest data on public finances

On the back of the still high fiscal support in the beginning of 2021, the EU aggregate general government deficit is forecast to narrow only marginally (from 6.9% in 2020) to 6.6% of GDP in 2021.

As the economy is expected to move from recovery to expansion, the unwinding of the crisis support measures and the rebound in revenues are forecast to reduce the aggregate budget deficit to around 3.6 % of GDP in 2022. However, the European Commission has calculated that nationally-financed current expenditure will increase in 2022, signalling that governments have increased expenditure over and above the temporary emergency support deployed to tackle the COVID-19 crisis.

The ratio of EU aggregate public debt to GDP, is now forecast to peak at 92.1% this year (the aggregate euro area ratio at 100.0%). See below Figure 1, which illustrates the magnitudes of the debt level increases between 2019 and 2021 (Ireland is the only Member State in which the debt ratio has decreased).

Figure 1: Public debt (as % GDP) in EU Member States in 2019 and 2021



Source: Commission Autumn 2021 Economic Forecast
Note: The displayed numbers related to the forecast debt level for 2021.

In 2022, the EU public debt to GDP ratio is projected to decrease to 90.0% and the corresponding ratio of the euro area to 97.0%. Both the EU and euro area debt to GDP ratios for the years 2020, 2021 and 2022 are now lower than estimated or forecast in spring 2021 (e.g. for the year 2021, the downward revision amounts to 2.3 percentage points for the EU and 2.4 percentage points for the euro area, compared to spring 2021).

For a comparison of data on some key indicators included in the 2022 Draft Budgetary Plans (DBPs) and the Autumn 2021 Economic Forecast, please see separate EGOV document.

Like for the statistical annex relating to the Commission recommendations (of June 2021) for this year's Council fiscal recommendations, the Commission has published a statistical annex providing the data underpinning the Commission Opinions on the 2022 DBPs. Due the exceptional circumstances, both annexes include for each Member State a number of indicators on the fiscal stance and nationally financed primary and primary current expenditure. **The following two indicators** can be considered particularly relevant with regard to the fiscal policy Council recommendations of June 2021, **so that their country specific estimates have also been included in the table in Section 2 of this briefing**:

(-) Indicator on the **fiscal stance**, which aims **to assess the economic impulse stemming from fiscal policies, nationally financed as well as financed by the EU and excluding crisis-related temporary emergency measures**.[1]

> The reason mentioned by the Commission, why this indicator is particularly relevant is that the assessment of the overall fiscal stance at the current juncture should take into account the transfers from the EU budget (such as those from the RRF). The Commission adds "*Furthermore, the assessment also needs to take into account the phasing-out of crisis-related temporary emergency measures that were designed to support health systems and compensate workers and firms for the losses in income due to lockdowns and supply chain disruptions, while their withdrawal is accompanied by the easing of lockdown restrictions that will support growth.*" Accordingly, the fiscal stance in 2021 and 2022 is measured by the change in primary expenditure (net of discretionary revenue measures), excluding crisis-related temporary emergency measures but including expenditure financed by grants under the Recovery and Resilience Facility and other EU funds, relative to medium-term potential growth (10-year average potential growth rate). A negative sign of the indicator corresponds to an excess of the primary expenditure growth compared with medium-term economic growth, which indicates an expansionary fiscal policy.

(-) Indicator on the **nationally financed primary current expenditure indicator**. The reason mentioned by the Commission why this indicator is particularly relevant is the following: "*Going beyond the overall fiscal stance, in order to assess whether national fiscal policy is prudent and its composition is conducive to a sustainable recovery consistent with the green and digital transitions, attention is also paid to the evolution of nationally financed primary current expenditure (net of discretionary revenue measures and excluding crisis-related temporary emergency measures)...*"

Primary expenditure is defined as total expenditure minus interest expenditure and primary current expenditures excludes additionally expenditures for gross fixed capital formation, which is investment expenditure.

Deactivation of the general escape clause

On 3 March 2021, the Commission adopted a Communication ("*One year since the outbreak of COVID-19: fiscal policy response*") providing policy orientations to facilitate the coordination of fiscal policies and the preparation of Member States' Stability and Convergence Programmes. As regards the question when and under which conditions to deactivate the general escape clause, the Commission stated in the Communication: "*the decision on whether to deactivate the general escape clause or continue it for 2022 should*

[1] It measures the change in primary expenditure (net of discretionary revenue measures, but including changes in expenditure financed by the Recovery and Resilience Facility and other EU grants), but, taking into account the exceptional circumstances created by the impact of the COVID-19 pandemic, excluding crisis-related temporary emergency measures, relative to the 10-year average potential growth rate. A negative sign of the indicator corresponds to an excess of the primary expenditure growth compared with medium-term economic growth, which indicates an expansionary fiscal policy.

be taken as an overall assessment of the state of the economy based on quantitative criteria. The level of output in the EU or euro area compared to pre-crisis levels would be the key quantitative criterion. Current preliminary indications would suggest to continue applying the general escape clause in 2022 and to de-activate it as of 2023."

On 3 June 2021, the Commission confirmed these views and intentions in its Spring European Semester package: in its Communication "Economic policy coordination in 2021: overcoming COVID-19, supporting the recovery and modernising our economy", the Commission states: "*Based on the Commission 2021 spring forecast, pre-crisis economic activity (end-2019) is projected to be reached around the fourth quarter of 2021 in the EU as a whole and the first quarter of 2022 in the euro area. On the basis of this forecast, the conditions for the continued application of the general escape clause in 2022 and its deactivation as of 2023 are met."*

As indicated earlier in the current briefing, the autumn 2021 forecast indicates that output and unemployment in the EU as a whole were virtually back to their pre-crisis levels in the third quarter of 2021. Nevertheless the Commission states in its Communication on the 2022 DBPs (and in the Annual Growth Survey 2022): "*Based on current projections, the general escape clause is expected to be deactivated from 2023.*" Reasons behind this Commission intention could be the economic uncertainties linked to COVID and that, according to the autumn forecast, a few countries will only get to their pre-crisis output level in 2022 (e.g. Germany in the first quarter of 2022 and Italy in the second quarter of 2022) or even in 2023 (Spain, first quarter of 2023).

Based on a request of the ECON Committee, four papers by external experts on "*How and When to deactivate the general escape clause of the SGP*" were published in 2020/2021. A separate EGOV briefing provides summaries of these papers.

Latest fiscal policy recommendations

On 18 June 2021, the Council adopted the final texts of its opinions on the 2021 Stability and Convergence Programmes (SCPs) of all EU Member States. These opinions reflect in the preventive arm the continuation of the general escape clause and are based on Commission recommendations for Council opinions of 2 June 2021. These Council opinions are this year's fiscal recommendations (i.e. Country Specific Recommendations, CSRs) to Member States under the European Semester and the SGP. Note that this year, exceptionally, due to the focus on combatting the economic/social consequences of COVID, there are no further CSRs under the European Semester than these fiscal recommendations.

Content wise, this year's recommendations include for each country under the preventive arm of the SGP (i.e. all EU Member States except Romania, which is since April 2020 in Excessive Deficit Procedure, for reasons relating to pre-pandemic times notably) the following elements (for country specific details, please see section 2 of this briefing):

- a recommendation on either prudent or supportive fiscal policy in 2022; Member States with low/medium debt should pursue or maintain a supportive fiscal stance, while Member States with high debt should use the Recovery and Resilience Facility (RRF) to finance additional investment in support of the recovery, while pursuing a prudent fiscal policy: all Member States should preserve nationally financed investment; with a view to maximising support to the recovery without pre-empting future fiscal trajectories and creating a permanent burden on public finances, the growth of nationally financed current expenditure should be kept under control, and be limited by Member States with high debt; like last year, this years' fiscal recommendations do not provide country specific fiscal targets.
- a recommendation to pursue, when economic conditions allow, a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term and

- a recommendation to pay particular attention to the composition of public finances, both on the revenue and expenditure sides of the budget. Compared to the Commission proposals for the Council recommendations, the Council introduced a small modification on this recommendation and accordingly adopted a 'comply or explain' note, in line with EU legislation.

Please see separate EGOV document for a tabular comparison of 2019, 2020 and 2021 CSRs.

Within the Spring 2021 European Semester Package, the Commission adopted an Excessive Deficit Procedure (EDP) report under Art. 126(3) TFEU for Member States in the preventive arm of the SGP in view of assessing their compliance with the budget deficit and debt rules of the SGP. The majority of countries is assessed not to have fulfilled the deficit and debt criterion as defined in the Treaty and in Regulation (EC) No 1467/1997. However, due to the high uncertainty, the agreed fiscal policy response to the COVID-19 crisis and the Council Recommendations of 20 July 2020, the Commission considered that at this juncture a decision on whether to place Member States under the Excessive Deficit Procedure should not be taken. For Romania, where an excessive deficit procedure was opened on the basis of data for 2019, the Commission recommends an update of the adjustment path targeting a correction of the excessive deficit in 2024.

The Commission Opinions on the 2022 Draft Budgetary Plans (DBPs)

The following is a summary of the Commission Opinions of 24 November 2021, which are based on the Commission 2021 autumn forecast. The Opinions assess compliance with the Council recommendations of June 2021 (this year's country specific recommendations):

High-debt Member States (Belgium, France, Greece, Italy and Spain)

• *As recommended by the Council, **all Member States** use the RRF to finance additional investment in support of the recovery.*
• *As recommended by the Council, **all Member States** preserve nationally financed investment.*
• ***Italy** has been recommended by the Council to limit the growth of nationally financed current expenditure. This is not projected to be sufficiently ensured, as the growth of nationally financed primary current expenditure (net of new revenue measures) in 2022 is projected to provide a sizeable contribution to Italy's overall supportive fiscal stance. In order to contribute to the pursuit of a prudent fiscal policy, the Commission invites Italy to take the necessary measures within the national budgetary process to limit the growth of nationally financed current expenditure.*
• *For **Belgium, France, Greece, Italy and Spain**, given the level of their government debt and high sustainability challenges in the medium term before the outbreak of the COVID-19 pandemic, when taking supporting budgetary measures, it is important to preserve prudent fiscal policy in order to ensure sustainable public finances in the medium term.*

Low/medium debt Member States (Austria, Cyprus, Estonia, Finland, Germany, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Slovenia and Slovakia)

• *As recommended by the Council, **all Member States**, with the exception of Slovakia and Malta, pursue a supportive fiscal stance, including the impulse provided by the RRF. Slovakia's restrictive fiscal stance occurs against the background of high output growth and emerging capacity constraints. Malta's neutral stance reflects mainly very high estimated potential growth, while public investment reaches a historically high level. This is broadly as recommended by the Council.*
• ***All Member States** plan to use the RRF to support their recovery, while the Netherlands has not yet submitted its Recovery and Resilience Plan.*
• *As recommended by the Council, **all Member States** preserve or broadly preserve nationally financed investment.*
• ***Latvia and Lithuania** have been recommended by the Council to control the growth of nationally financed current expenditure. This is not projected to be sufficiently ensured, as the growth of nationally financed primary*

current expenditure (net of new revenue measures) in 2022 is projected to provide a sizeable contribution to their overall supportive fiscal stance.

Overall, *the Draft Budgetary Plans include measures that go in the direction of strengthening the composition of public finances and contributing to a sustainable and inclusive recovery, including through growth-enhancing investment, notably supporting the green and digital transition. A complete assessment of the fiscal-structural reforms implemented by Member States will be done in the context of the assessment of the implementation of the RRPs and the 2022 Country Report.*

Taking into account the strength of their recovery, Member States are invited to regularly review the use, effectiveness and adequacy of the support measures and stand ready to adapt them as necessary to changing circumstances.

Box: Use of RRF grants by euro area Member States

According to the Commission's assessments of the 2022 DBPs of the euro area Member States and pending the disbursement decisions following the fulfilment of the milestones and targets:

- Eight Member States (Austria, Germany, France, Cyprus, Spain, Luxembourg, Malta and Italy) plan to use RRF grants to retroactively finance expenditure in 2020;

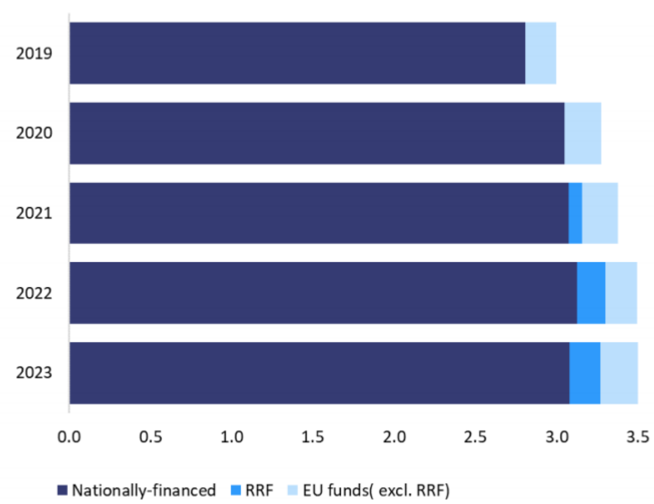
- Around 17% of the total RRF grants (which is equivalent to around 0.4% of euro area GDP) is estimated to have been spent in 2021;

- Around 44% of the total amount of allocated RRF grants is expected to be spent by the end of 2022, and around 65% by the end of 2023;

- Around 74% of the RRF grants over the 2020-2022 period will be channelled towards investment expenditure, with a near-equal allocation between public investment (around 38%) and private investment (around 36%). The remainder of the grants are expected to be allocated largely towards current expenditure (around 25%) and tax cuts (around 1%) used to fund other measures to support the recovery, improve resilience and foster the green and digital transitions; and

- The Commission 2021 autumn forecast projects an increase in the euro area aggregate public investment-to-GDP ratio from 2.8% in 2019 to around 3.2% in 2022 as a result of higher funding from EU and national sources (see Figure below).

Figure 2: Public investments in euro area Member States - 2019-2023 (% of GDP)[1]



Source: Commission Autumn 2021 Economic Forecast

Review of the EU legal framework

In accordance with the so-called "Six-pack" and "Two-pack" Regulations[2], the Commission published in February 2020 a Communication on "Economic governance review". The purpose of this Communication was to start a public debate on the extent to which the different surveillance elements introduced or amended by the 2011 and 2013 reforms have been effective in achieving their key objectives, namely:

(i) ensuring sustainable government finances and growth, as well as avoiding macroeconomic imbalances,

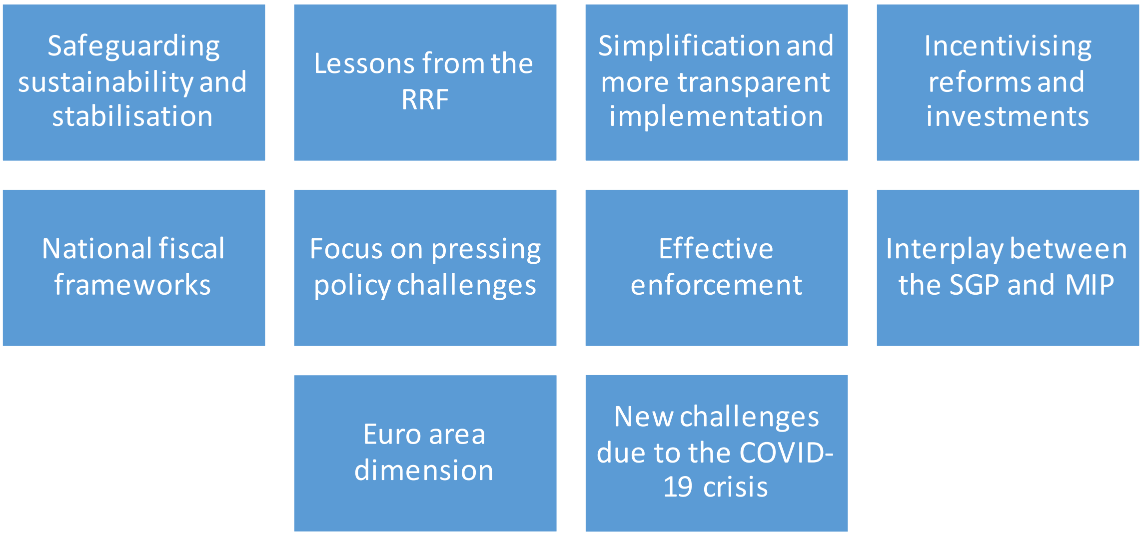
(ii) providing an integrated surveillance framework that enables closer coordination of economic policies in particular in the euro area, and

(iii) promoting the convergence of economic performances among Member States.

In the context of the review exercise, the Commission launched a public debate, to give stakeholders the opportunity to provide their views on the functioning of surveillance so far and on possible ways to enhance the effectiveness of the framework in delivering on its key objectives. Originally, citizens and institutions were invited to submit their responses to the questions set in the Communication by 30 June 2020. However, the public debate has been impacted by the need to focus on the immediate challenges of the coronavirus crisis. On 19 October 2021, the Commission presented a Communication relaunching the public debate on the review of the EU economic governance framework, taking stock of the changed circumstances following the COVID-19 crisis. With this Communication, the Commission invites all stakeholders (including - inter alia - European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Central Bank, national central banks, national governments and parliaments) to reflect on the functioning of the economic governance and present their views on how to enhance its effectiveness. The aim of the public debate is to build a broad-based consensus on the way forward well in time for 2023, when the general escape clause will be deactivated.

There are eleven key issues for the public debate, as reflected in the updated online survey. They focus on how the framework can be improved to address best the following topics

Figure 3: Public consultation on the Economic Governance review



Source: Online survey of the Commission.

In June 2021, the ECON Committee adopted an own-initiative report on the review: *The review of the* macro-economic *legislative framework for a better impact on Europe's real economy and improved transparency of*

[2] Report on the application of Regulations (EU) No 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013 and on the suitability of Council Directive 2011/85/EU", i.e. the set of legal acts comprising the provisions on the EU economic governance framework, published in 2011 and 2013, also known as "Six-pack" and "Two-pack".

decision-making and democratic accountability (Rapporteur *Marques Margarida*). It is inter alia based on meetings with experts during autumn 2020 on different relevant topics.

Following a request of the ECON Committee, expertise by academic experts has been published on:

- "The role of fiscal rules in relation with the green economy" and
- "Benefits and drawbacks of an "expenditure rule", as well as of a "golden rule", in the EU fiscal framework".

For each of both topics, three papers by academic experts have been published; a [separate EGOV briefing] provides summaries of them.

Contact: egov@ep.europa.eu

This document is available on the internet at: www.europarl.europa.eu/supporting-analyses

2. Current Council recommendations and key public finance indicators

The tables below provide an overview of the Council recommendations under the SGP as adopted by the Council on 18 June 2021 under the general escape clause, and latest forecasts on key public finance indicators. For Romania, the only country under the corrective arm (for reasons pertaining to pre-pandemic developments), a table shows in addition the current requirements under the corrective arm and the general escape clause. A separate EGOV briefing presents other indicators on public finances of euro area Member States, focusing on debt sustainability.

Preventive arm of the SGP (under the general escape clause)

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
Euro Area Member States								
BE	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment.* *2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.* *3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.1	-4.9	-0.7	4.7	113.1	2.6
		2021	-7.8	-6.9	-1.1	5.0	112.7	6.0
		2020	-9.1	-5.8	0.0	2.6	112.8	-5.7

<table>
<tr><th rowspan="3">MEMBER STATE</th><th rowspan="3">COUNCIL RECOMMENDATIONS as adopted by Council in June 2021</th><th colspan="7">LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS</th></tr>
<tr><th colspan="7">COM forecast - autumn 2021[1]
(under no policy change scenario)[2]
(% of GDP)</th></tr>
<tr><th>Year</th><th>Nominal budget balance</th><th>Structural budget Balance</th><th>Fiscal Stance (excl. crisis-related temporary emergency measures)[4]</th><th>Nationally financed primary current expenditure (growth)[5]</th><th>Debt</th><th>GDP growth</th></tr>
<tr><td rowspan="3">DE</td><td rowspan="3">1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.
2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.
3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.</td><td>2022</td><td>-2.5</td><td>-2.6</td><td>-0.9</td><td>6.6</td><td>69.2</td><td>4.6</td></tr>
<tr><td>2021</td><td>-6.5</td><td>-5.0</td><td>-0.7</td><td>4.7</td><td>71.4</td><td>2.7</td></tr>
<tr><td>2020</td><td>-4.3</td><td>-2.1</td><td>-1.2</td><td>5.3</td><td>68.7</td><td>-4.6</td></tr>
<tr><td rowspan="3">EE</td><td rowspan="3">1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.
2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.
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<tr><td>2021</td><td>-3.1</td><td>-3.7</td><td>0.7</td><td>3.1</td><td>18.4</td><td>9.0</td></tr>
<tr><td>2020</td><td>-5.6</td><td>-3.1</td><td>-1.2</td><td>3.1</td><td>19.0</td><td>-3.0</td></tr>
</table>

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS						
		COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
IE	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-1.7	-3.1	-0.4	9.5	52.3	5.1
		2021	-3.2	-4.7	0.0	5.0	55.6	14.6
		2020	-4.9	-2.4	0.6	2.1	58.4	5.9
EL	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-3.9	-3.5	-1.8	1.6	196.9	5.2
		2021	-9.9	-7.9	-2.1	5.7	202.9	7.1
		2020	-10.1	-5.1	-1.8	0.5	206.3	-9.0

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	**Nominal budget balance**	**Structural budget Balance**	**Fiscal Stance (excl. crisis-related temporary emergency measures)[4]**	**Nationally financed primary current expenditure (growth)[5]**	**Debt**	**GDP growth**
ES	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.2	-4.1	0.6	0.6	118.2	5.5
		2021	-8.1	-4.7	-3.4	6.5	120.6	4.6
		2020	-11.0	-4.5	-0.5	1.9	120.0	-10.8
FR	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.3	-5.2	0.6	3.6	113.7	3.8
		2021	-8.1	-6.7	-3.0	5.6	114.6	6.5
		2020	-9.1	-4.6	0.9	2.2	115.0	-7.9

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
IT	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. Limit the growth of nationally financed current expenditure. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.8	-5.9	-3.0	5.8	151.4	4.3
		2021	-9.4	-8.0	-2.7	6.0	154.4	6.2
		2020	-9.6	-5.0	0.6	-0.2	155.6	-8.9
CY	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growthenhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-1.4	-1.8	-0.3	4.8	97.6	4.2
		2021	-4.9	-4.8	0.3	3.5	104.1	5.4
		2020	-5.7	-4.4	-1.8	6.1	115.3	-5.2

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
LV	1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.	**2022**	-4.2	-4.0	-2.5	8.2	50.7	5.0
		2021	-9.5	-8.6	-1.1	8.6	48.2	4.7
		2020	-4.5	-3.1	-0.1	2.5	43.2	-3.6
LT	1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.	**2022**	-3.1	-2.8	-2.5	13.2	44.1	3.6
		2021	-4.1	-4.0	-0.2	8.8	45.3	5.0
		2020	-7.2	-6.8	-2.4	8.5	46.6	-0.1

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS						
		COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
LU	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.* *2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.* *3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	0.2	0.5	-0.7	6.8	25.6	3.7
		2021	-0.2	0.6	-0.6	7.0	25.9	5.8
		2020	-3.5	-1.5	-0.3	6.0	24.8	-1.8
MT	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.* *2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential.* *3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growthenhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.8	-5.0	0.0	5.6	62.4	6.2
		2021	-11.1	-9.1	-3.9	18.4	61.4	5.0
		2020	-9.7	-6.9	0.7	3.4	53.4	-8.3

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
NL	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.1	-2.4	-0.5	3.7	56.8	3.3
		2021	-5.3	-4.4	-0.7	5.5	57.5	4.0
		2020	-4.2	-1.9	-1.4	7.1	54.3	-3.8
AT	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.3	-2.5	-1.3	5.5	79.4	4.9
		2021	-5.9	-4.2	-1.0	5.0	82.9	4.4
		2020	-8.3	-5.0	-0.8	5.2	83.2	-6.7

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP): Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
PT	*1. In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. Limit the growth of nationally financed current expenditure. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal-structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-3.4	-3.2	-	-	123.9	5.3
		2021	-4.5	-3.0	-	-	128.1	4.5
		2020	-5.8	-1.9	-	-	135.2	-8.4
SI	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.2	-6.2	-2.5	6.8	76.4	4.2
		2021	-7.2	-7.6	-3.0	8.5	77.7	6.4
		2020	-7.7	-6.4	-0.3	4.1	79.8	-4.2

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	**Nominal budget balance**	**Structural budget Balance**	**Fiscal Stance (excl. crisis-related temporary emergency measures)[4]**	**Nationally financed primary current expenditure (growth)[5]**	**Debt**	**GDP growth**
SK	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-4.2	-4.3	0.3	3.3	60.0	5.3
		2021	-7.3	-6.5	-1.5	9.1	61.8	3.8
		2020	-5.5	-4.1	-0.9	6.9	59.7	-4.4
FI	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where rlevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.4	-2.0	-0.1	3.3	71.2	2.8
		2021	-3.8	-2.8	-1.1	4.7	71.2	3.4
		2020	-5.5	-3.3	0.6	0.6	69.5	-2.9

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
Non-Euro Area Member States								
BG	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.8	-2.8	-	-	26.7	4.1
		2021	-3.6	-3.1	-	-	26.7	3.8
		2020	-4.0	-2.9	-	-	24.7	-4.4
CZ	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-4.3	-3.8	-	-	44.3	4.4
		2021	-7.0	-5.7	-	-	42.4	3.0
		2020	-5.6	-3.8	-	-	37.7	-5.8

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	**Nominal budget balance**	**Structural budget Balance**	**Fiscal Stance (excl. crisis-related temporary emergency measures)[4]**	**Nationally financed primary current expenditure (growth)[5]**	**Debt**	**GDP growth**
DK	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	1.3	3.3	-	-	38.8	2.7
		2021	-0.9	-2.0	-	-	41.0	4.3
		2020	-0.2	2.8	-	-	42.1	-2.1
HR	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. Keep the growth of nationally financed current expenditure under control. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-2.9	-3.4	-	-	79.2	5.6
		2021	-4.1	-3.5	-	-	82.3	8.1
		2020	-7.4	-4.7	-	-	87.3	-8.1

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
HU	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-5.7	-5.7	-	-	77.2	5.4
		2021	-7.5	-6.8	-	-	79.2	7.4
		2020	-8.0	-5.8	-	-	80.1	-4.7
PL	*1. In 2022, pursue a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. 2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. 3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	-1.8	-2.1	-	-	51.0	5.2
		2021	-3.3	-2.9	-	-	54.7	4.9
		2020	-7.1	-6.2	-	-	57.4	-2.5

MEMBER STATE	COUNCIL RECOMMENDATIONS as *adopted by Council in June 2021*	LATEST KEY DATA RELATED TO FISCAL DEVELOPMENTS — COM forecast - autumn 2021[1] (under no policy change scenario)[2] (% of GDP)						
		Year	Nominal budget balance	Structural budget Balance	Fiscal Stance (excl. crisis-related temporary emergency measures)[4]	Nationally financed primary current expenditure (growth)[5]	Debt	GDP growth
SE	*1. In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.* *2. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential* *3. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.*	**2022**	0.3	0.6	-	-	34.2	3.5
		2021	-0.9	0.2	-	-	37.3	3.9
		2020	-2.8	-0.5	-	-	39.7	-2.8

Table notes:

[1] See statistical annex to the COM autumn 2021 Forecast: tables 1 (GDP growth), 35 (nominal budget balance), 40 (structural balance) and 41 (gross debt).

[2] See COM Autumn 2021 Forecast Box I.5.1 (pages 61-62) "*Some technical elements behind the forecast*".

[3] The structural budget indicator is measured as % of potential GDP. The figures in italics and brackets are the year on year changes of the structural balance in percentage points of potential GDP, which can be regarded as a proxy for the *"fiscal effort"*.

[4] The fiscal stance indicator is taken from the statistical annex of the Commission opinions on the 2022 DBPs of the euro area Member States. It measures the change in primary expenditure (net of discretionary revenue measures), excluding COVID crisis-related temporary emergency measures but including expenditure financed by grants under the Recovery and Resilience Facility and other EU funds, relative to medium-term potential growth (10-year average potential growth rate). A negative sign of the indicator corresponds to an excess of the primary expenditure growth compared with medium-term economic growth, which indicates an expansionary fiscal policy.

5 This indicator is also taken from the statistical annex of the Commission opinions on the 2022 DBPs of the euro area Member States . It measures the growth rate of nationally financed primary current expenditure (net of discretionary revenue measures and crisis-related temporary emergency measures).

Excessive Deficit Procedure - Corrective arm of SGP (under the general escape clause)

MEMBER STATE	COUNCIL RECOMMENDATIONS			DATA RELATING TO COMPLIANCE							
	Reference year which triggered the EDP[1]	Current deadline for correction of nominal deficit (latest EDP-recommendations)	Nominal budget balance and Fiscal effort in structural terms (% of GDP) as requested by the Council	COM forecast - autumn 2021[1] (under no policy change scenario)[2]							
				Year	Nominal budget balance	Structural budget Balance[3] (% of potential GDP) *In brackets and italics: y-o-y change (=annual structural adjustment)*		Debt (% of GDP)	GDP growth (% change)	Net government expenditure (growth rate)[4]
RO	**2019**	New deadline - of June 2021 - under Art. 126(7): **2024** *[the previous deadline - of April. 2020 - was 2022]*	EDP recommendation of June 2021: Nominal deficit target of 8.0% of GDP in 2021, 6.2% of GDP in 2022, 4.4% of GDP in 2023, and 2.9% of GDP in 2024, which is consistent with a nominal growth rate of net primary government expenditure of 3.4% in 2021, 1.3% in 2022, 0.9% in 2023 and 0.0% in 2024. This corresponds to an annual structural adjustment of 0.7% of GDP in 2021, 1.8% of GDP in 2022, 1.7% of GDP in 2023 and 1.5% of GDP in 2024. CSR of June 2021: Pursue fiscal policies in line with the Council Recommendation of 18 June 2021 with a view to bringing an end to the situation of an excessive government deficit in Romania.	2019	-4.4	-4.8	*(-1.6)*	35.3	4.2	-
				2020	-9.4	-7.5	*(-2.7)*	47.4	-3.9	16.2
				2021	-8.0	-7.1	*(0.4)*	49.3	7.0	5.9
				2022	-6.9	-6.4	*(0.7)*	51.8	5.1	5.1

Table notes: [1] See statistical annex to the COM autumn 2021 Forecast: tables 1 (GDP growth), 35 (nominal budget balance), 40 (structural balance) and 41 (gross debt). [2] See COM Autumn 2021 Forecast Box I.5.1 (pages 61-62) "*Some technical elements behind the forecast*". [3] The structural budget indicator is measured as % of potential GDP. The figures in italics and brackets are the year on year changes of the structural balance in percentage points of potential GDP, which can be regarded as a proxy for the *"fiscal effort"*. [4] The EDP recommendation comprises targets for net primary government expenditure which is defined as total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union funds revenue and non discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is smoothed over a 4-year period. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out. Since the Commission has not published forecast data on this indicator, a similar indicator (net government expenditure corrected for one -offs), but including interest payments, has been selected as a proxy to assess compliance; the source for this compliance indicator is the Commission Communication on assessment taken by Romania of November 2021.