EU INDEPENDENT
FISCAL INSTITUTIONS

EUROPEAN FISCAL MONITOR

February 2023

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Executive summary

Fiscal and budgetary actions in 2022

- **Real GDP growth in 2022**, when many countries were still emerging from Covid-19 restrictions at the beginning of the year, **was robust, carrying over from a strong 2021**. According to the latest figures provided by the national IFIs, EU real gross domestic product (GDP) grew by about 3 % on average.
- While pandemic measures were phased-out, **new temporary and long-term measures to tackle inflation have had an impact on budgets**. General government deficits were expected to slightly narrow compared to 2021 but remain at an average of 4 % of GDP in 2022.
- While ongoing support measures were mostly assessed as appropriate, national IFIs remained concerned about budgets not being well targeted towards energy price fluctuations and beneficiaries. In some cases, they also feared that budgets were too expansionary.

The outlook for public finances in 2023

- European economies are expected to **experience an economic slowdown in 2023**. According to the national IFIs, the EU's real GDP growth is projected to slow down to only 1 %.
- As the economy slows, the average **EU government's budget balance is expected to remain negative** at -3 % of GDP with most national governments reporting a deficit.
- Some national IFIs have raised concerns about 2023 budgets, notably regarding the fiscal risks stemming from persistently high inflation. This includes the increase in public sector salaries, the automatic indexation of some spending items (notably pensions), and pressure on governments to pursue measures to alleviate the so-called cost of living crisis. Economies will also feel the indirect impact of lower real incomes which will have detrimental effects on real GDP growth (and thus tax revenues).

The impact of rising inflation on public finances

- A majority of countries have rolled out new fiscal measures to alleviate the impact of rising inflation. **Fiscal responses amount to an average of 1 % of GDP in both 2022 and 2023**.
- In general, most national IFIs deem fiscal responses to inflation as appropriate. Nevertheless, some IFIs expressed **concerns over the size of the fiscal stimulus and how it is being targeted**.
- Overall, most IFIs assessed that inflation will slow in the years ahead but concerns were raised as to the potential fiscal risks.

Impact on IFI activities

- The current uncertain economic conditions are having a large impact on the activities of national IFIs. The main challenges that national IFIs face in executing their tasks include: i) high uncertainty concerning the war in Ukraine; ii) a lack of access to data; iii) a lack of transparency over new measures taken at both EU and national levels; and iv) some continue to be negatively impacted by having insufficient resources to undertake their activities.

Foreword

Looking back to 2022, GDP growth in most EU countries was robust, carrying over from a strong 2021. Although new temporary measures to tackle inflation and rising energy costs have had an impact on 2022 budgets, general government deficits are expected to slightly narrow compared to 2021, due to the phasing out of pandemic measures. National IFIs, however, remained concerned about budgets and measures not being well targeted, and in some cases being too expansionary.

Looking towards 2023, uncertainties remain high due to the war against Ukraine, stubbornly high prices, increasing interest rates and a general economic slowdown across Europe. National IFIs have continued to be challenged by a lack of transparency on policy measures at both EU and national levels. Overall, they remain vigilant about fiscal risks and an ongoing reliance on poorly targeted measures.

The Commission's proposals as part of the Economic Governance Review are welcome, but additional information is needed on how they would work in practice and what the timeline to reach political agreement will be. As countries navigate a complex set of shocks, it is important that clarification is provided about what the EU budgetary regime will look like in 2024. The increasing recognition of the role of national IFIs in the future framework is welcome, but must be carefully implemented and supported by measures to ensure all IFIs are able to fulfil their potential.

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The analysis and views expressed do not necessarily represent the positions of individual members of the Network.

1 Introduction

With the rapid increase in consumer prices, the macroeconomic outlook remains uncertain. According to IFIs' projections, 2022 saw positive dynamics for the EU's real GDP growth at around 3 % on average[1]. Nevertheless, growth is expected to be lower in 2023 at 1 % on average. This reflects the economic challenges Europe is facing due to the energy crisis and Russian invasion of Ukraine, but also central banks' attempts to manage inflation through raising interest rates.

The fiscal stance in most countries remained supportive throughout 2022 as governments rolled out new measures to shield their economies from the energy crisis. In the 27 countries[2] covered by this European Fiscal Monitor (EFM), IFIs expect expenditure and revenue measures to have stood at an average[3] of 1 % of GDP in 2022. With inflation remaining high, fiscal support measures announced in 2023 budgets[4] are expected to cost about 1 % of GDP.

Many open questions remain about evolution of inflation in 2023. Following the decision of many Member States to support their economies through new fiscal measures, most countries are running budget deficits while the EU general escape clauses remains in place. The assessment of national IFIs on the fiscal stance of their governments varies. Some national IFIs consider their government's fiscal stance to be appropriate, while others highlight the risk of excessive long-term public spending and poorly-targeted temporary measures in the absence of a rules-based framework[5].

This EFM provides an overview of the activities of 31 national IFIs, and the fiscal measures adopted in response to energy price rises in 26 Member States and the United Kingdom. The monitor is based on a survey of IFIs carried out in December 2022, mostly covering the information linked to autumn 2022 forecasts and budgets[6]. The data presented for each country is based on materials provided by the national IFI or on documents by the respective national government, depending on each IFI's specific mandate[7].

National IFIs are independently mandated by national legislation to carry out tasks that may include: i) monitor compliance with national and EU fiscal rules; ii) produce or endorse macroeconomic, and in several cases, budgetary forecasts; and/or iii) assess national public finances and advise national governments on fiscal policies. This puts them in a good position to gauge macroeconomic and fiscal developments at the national level.

[1] Unless explicitly mentioned in the text, averages refer to weighted averages. Only values from EU countries where IFIs have submitted response to the EFM have been used for the calculation of weighted averages.

[2] AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PT, RO, SE, SI, SK, UK.

[3] Unweighted average.

[4] Public expenditures and revenue measures adopted or presented to the Parliament.

[5] See also: European Network of EU IFIs (2022), European Fiscal Monitor: July 2022

[6] European Network of EU IFIs (2023), Survey of European Independent Fiscal Institutions, February 2023.

[7] For this reason, projects may not be fully comparable. Please see the Survey of European Independent Fiscal Institutions, February 2023 for more information about the cut-off date and the source of projections.

2 Review of fiscal and budgetary actions in 2022

2.1 Developments of key indicators

Almost all national IFIs[8] assess the soundness of macroeconomic and fiscal projections underlying official budgets. Depending on their mandate, IFIs either produce official projections, endorse the projections prepared by the government or assess the government's projections. Some IFIs also produce their own forecasts to endorse or assess the official projections.

The majority of forecasts was most recently updated in autumn 2022 when the national budgets for 2023 were being prepared. According to the latest figures provided by the national IFIs[9] for all EU Member States and the UK, thanks to the dynamics unleashed in 2021 with the progressive lifting of Covid-19 restrictions, annual growth was still strong in 2022. On average, EU real GDP growth for 2022 was 3 % of GDP. The highest real GDP growth was recorded in Portugal (7 % of GDP) followed by four countries[10] with real GDP growth of around 6 %.

Fiscal responses to higher energy and food prices (see Chapter 4) had an impact on general government balances in 2022. Nevertheless many countries also benefited from windfall revenues, mostly because of higher inflation than originally expected (see Box 1). According to figures reported by the national IFIs, the average EU public deficit was about 4 % of GDP. The largest public deficit was reported in the United Kingdom and Latvia, reaching around 7 % of GDP. In nine other countries[11], anticipated public deficits were between 4 % and 6 %. In contrast, four countries[12] reported small positive general government balances between 0.2 % and 1 % of GDP.

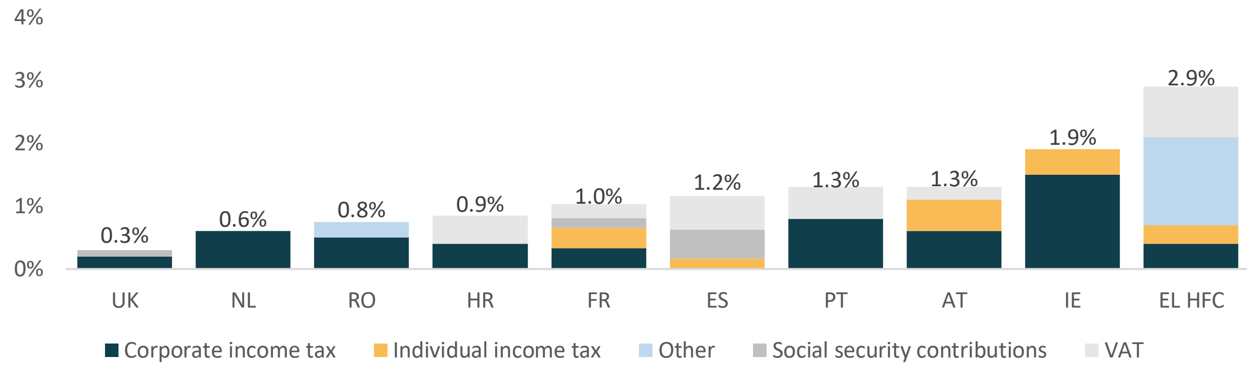
General government debt ratios generally remained stable or deteriorated in 2022. While many countries continued to benefit from low interest rates and declining deficits, there was continued large-scale borrowing by some countries. At the end of 2022, at least 14 countries[13] had government debt levels above the 60 % debt ceiling. Of these, seven countries[14] had public debt levels above 100 % of GDP. Greece recorded the highest debt-to-GDP ratio[15] with a level above 171 % of GDP in 2022.

Box 1. Revenue windfalls in 2022

According to national IFIs, eleven countries[16] have experienced unusual revenue buoyancy in 2022. The extent of additional revenue received by the national governments in 2022 has ranged up to 3 % of GDP (see Figure 1a). Greece has experienced the largest unexpected revenue windfalls – 3 % of GDP - while the UK reports the smallest revenue windfalls – 0.3 % of GDP. Revenue windfalls in this group of countries have been approximately 1 % of GDP in 2022.

[8] For the Netherlands this is fulfilled by the Bureau for Economic Policy Analysis (CPB) for the Council of State.
[9] Produced, endorsed or assessed, as per the mandate.
[10] CY, EL, HR, MT.
[11] BE, CZ, ES, FR, EL HFC, HU, IT, MT, RO.
[12] CY, DK, LV, SE.
[13] AT, BE, CY, EL, ES, DE, FR, FI, HU, HR, IT, PT, SI, UK.
[14] BE, EL, ES, FR, IT, PT, UK.
[15] According to the Greek Hellenic Fiscal Council.
[16] AT, EL, ES, FR, HR, IE, IT, NL, RO, PT, UK.

Figure 1a. The size of revenue windfalls in 2022 (% of GDP)



Note: The total size of revenue windfalls in 2022 is shown above. Revenue windfalls are measured as any increase in revenues that is not explained by the sum of DRMs and standard elasticities as computed by the Commission/IFI for the different revenue components. The figures for Ireland relate to Modified GNI rather than GDP.
Source: The Network of EU Independent Fiscal Institutions (2023).

For some Member States, the bulk the revenue windfalls in 2022 stemmed from corporate income tax. On average, IE, PT, AT, NL and RO accrued about 0.5 %. This was largely explained by the rebound effect after the Covid-19 crisis.

Another substantial source of the revenue windfalls in 2022 was VAT for countries like Spain, Portugal, and Croatia and – to a lesser extent – France and Austria. Surveyed countries received additional revenues of about 0.2 % of GDP on average due to higher VAT receipts. This was largely due to the fact that growth in demand prices (in particular consumer prices, which are a determining factor for VAT revenues) was much higher than that of GDP prices.

Other sources of the revenue windfalls included individual income taxes, social security contributions and other receivables (e.g. oil royalties in Romania).

2.2 Assessment by IFIs

According to the national IFIs, fiscal policy was appropriate for economic and budgetary stability in 2022 in eight countries[17]. According to these national IFIs, temporary support and moderate increases to permanent spending helped to ensure the social protection of households and enterprises in a highly uncertain environment. Moreover, according to these IFIs, the fiscal position of the national governments left enough fiscal room for additional energy support and could help to mitigate the effects of the expected economic slowdown in 2023. Nevertheless, some have suggested that many of the temporary measures introduced were not well targeted.

[17] AT, CY, EL, HR, HU, IE, LV, MT. National IFIs in twelve surveyed countries did not report a view as this is outside their mandate, or for other reasons.

National IFIs in seven countries considered the fiscal stance too expansionary, mostly due to overly optimistic employment and primary balance baseline projections that artificially created space for excessively expansionary fiscal measures. This was mostly due to the size and structural nature of additional long-term government expenditures, which were not compensated by new structural long-term revenues. Moreover, measures to offset inflation hikes were either insufficiently targeted or too horizontal in nature.

While national IFIs were broadly supportive of the fiscal and budgetary actions of their national governments in 2022, the majority of surveyed national IFIs (22 out of 31) raised one or more concerns about fiscal policy (see Figure 1).

Around half of national IFIs that raised concerns (12 out of 22) did so about their governments' adopted fiscal stance, mostly to suggest that it was too expansionary. The national IFIs called for more demanding budgetary targets in an effort to return to sound public finances in 2023. After two years of expansionary measures during the pandemic, the war in Ukraine brought renewed supply chain shortages and with it, further expansionary measures from EU governments. However, these measures were deemed by some IFIs as too expansionary given increasing inflation.

Furthermore, around half of national IFIs that raised concerns (11 out of 22) did so about the lack of government transparency and flagged its high importance. As with Covid-19 measures, many of the temporary cost-of-living measures have been introduced outside the regular budget cycle. Costings and the fiscal impacts of these schemes have often not been well-documented. According to the national IFIs, enhanced transparency on economic and budgetary information is required to ensure effective monitoring of the fiscal policy, particularly for national budget rules and expenditure frameworks. IFIs were also concerned about: i) insufficient information on non-public entities included in central administration accounts; ii) insufficient communication about adjustments due to the policy costing of energy and other discretionary measures; iii) inconsistencies between government Stability and Convergence programmes and national budgetary plans.

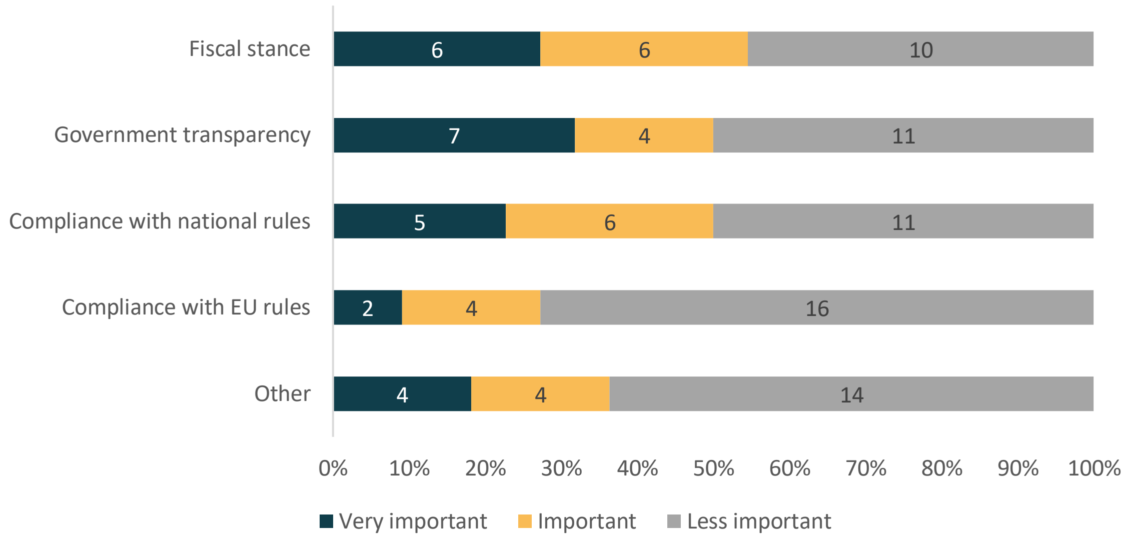
Future compliance with national fiscal rules remained an important issue for around half of national IFIs that raised concerns (11 out of 22). This concern arises from potential deviations from expenditure ceilings and medium-term objectives. As it stands, at least four IFIs are concerned with their national governments potentially breaching national fiscal legislation as the national escape clauses are eased out[18]. Concerns were raised about unclear national fiscal rules for 2023.

Non-compliance with EU fiscal rules has remained lower on the list of concerns expressed by the national IFIs. Only six out of 22 IFIs raised concerns about this in 2022, reflecting the continuation of the general escape clause.

Moreover, eight national IFIs[19] raised other concerns about fiscal policy in 2022. These covered issues including the need for more realistic forecasting and a lack of planning for returning to medium-term objectives.

[18] BG, FI VTV, FR, SE.
[19] AT, EE, ES, FI EPC, HR, IE, LT, SI SFC.

Figure 1. IFIs' concerns about fiscal policy in their country in 2022 (number of respondents indicating one or more concerns)



Note: The IFIs were asked 'Did your IFI raise any concerns about the fiscal policy in your country in 2022?', to which 22 out of 31 respondents replied positively. 'Less important' category comprises such answers as 'Less important', 'No concerns' and 'No answer'.
Source: The Network of EU Independent Fiscal Institutions (2023).

3 The outlook for public finances in 2023

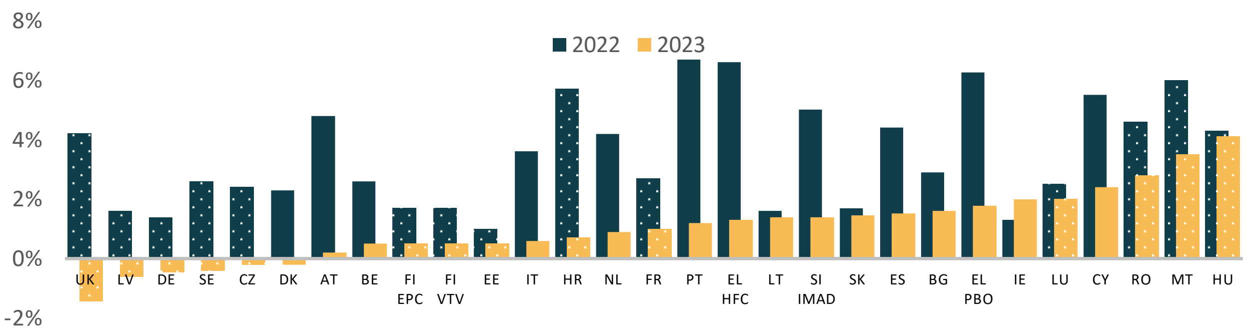
3.1 Economic growth

In most countries, real GDP growth is expected to slow in 2023. This is mainly due to the energy crisis brought about by the war in Ukraine, but also due to interest rate hikes implemented by central banks to offset higher inflation (see Figure 2).

According to the most recent official forecasts, average EU real GDP in the 26 countries covered is expected to slow from an average of 3 % in 2022 to an average of around 1 % in 2023. In all surveyed countries[20], real output growth in 2023 is expected to be lower than in 2022 as the effects of Covid-19 bounce back fade and consumption slows due to higher energy prices, tighter monetary policy, and higher uncertainty.

The highest growth is projected for Hungary (4 %) and Malta (4 %) followed by seven countries[21] with an expected economic growth of 2 % to 3 %. The expected real GDP growth for the remaining countries ranges from between 0 % and 1 %, close to recessionary rates. Six countries show a small contraction ranging from -1.4 % to -0.2 %[22].

Figure 2. Projected real GDP growth (%)



Note: The figure above shows the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs, in line with their mandates. Produced projections (officially or internally) are fully shaded, assessed projections (with or without endorsement) are dotted. The figures for Ireland relate to GNI rather than GDP.
Source: The Network of EU Independent Fiscal Institutions (2023).

3.2 Budget balances

As the economy slows, the average EU general government budget balance in 2023 is anticipated to remain negative at -3 % of GDP (see Figure 3). The majority of national governments (21 out of 25) are expected to report a general government deficit.

Twelve countries are likely to experience some improvement in their public deficit between 0.3 % and 3.2 % of GDP, while 10 countries are expected to see their public deficits worsen by 0.1 % to 3 % of GDP in 2023,

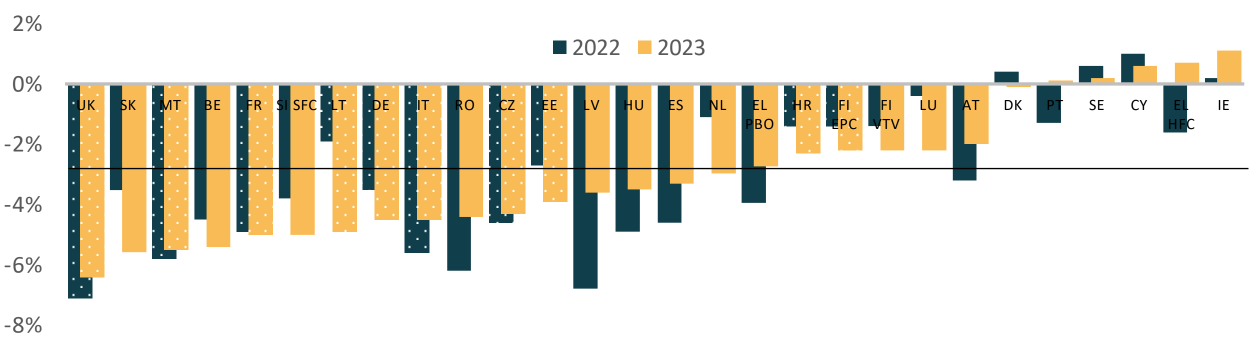
[20] With the exception of Ireland.
[21] BG, CY, ES, EL HFC, IE, LU, RO.
[22] CZ, DE, DK, LV, SE, UK.

reflecting the cost of energy supports and slower growth. Denmark is the only country projected to move from a public surplus of 0.4 % to a deficit of 0.1 %.

In 15 EU Member States[23], public deficits are expected to reach or exceed the 3 % public deficit ceiling mandated in the Maastricht Treaty. Slovakia, Malta and Belgium are projected to have the largest public deficits in the EU in 2023, alongside the United Kingdom (more than 5 % of GDP), followed by eleven countries[24] with public deficits ranging from 3 % to 5 %. Six countries[25] are projected to remain under the public deficit ceiling of 3 % in the Maastricht treaty, potentially indicating the implementation of fiscal consolidation measures, higher growth expectations or phasing out/in of temporary measures.

According to the latest projections of at least one national IFI, Ireland, Greece, Cyprus, Sweden, and Portugal are the only five countries with general government surpluses ranging from 0.1 % up to 1.1 % of GDP. These developments are mostly associated with expected revenue windfalls and, in some cases, overoptimistic underlying macroeconomic projections. In three countries, IFIs have identified significant uncertainties which could overturn both macroeconomic and fiscal forecasts and potentially require corrective measures.

Figure 3. Projected general government balance (% of GDP)



Note: The figure above shows the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs in line with their mandates. Produced projections (officially or internally) are fully shaded, assessed projections (with or without endorsement) are dotted. The figures for Ireland relate to GNI rather than GDP.
Source: The Network of EU Independent Fiscal Institutions (2023).

3.3 Public debt

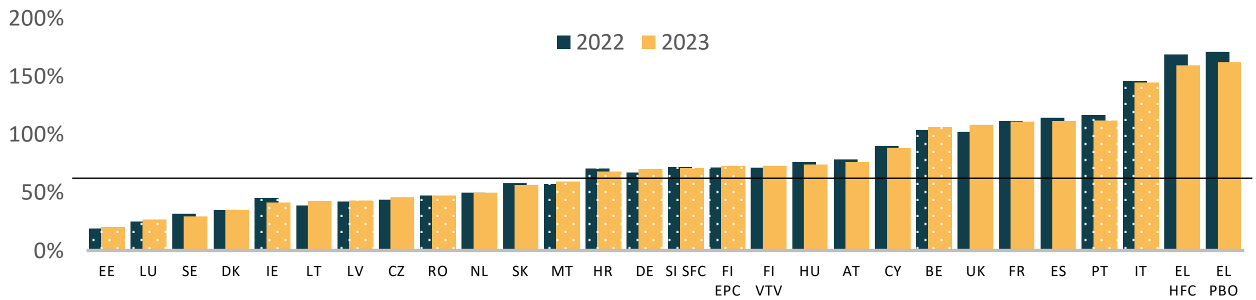
According to national IFIs, the public debt-to-GDP ratio (see Figure 4) is projected to improve in half of the surveyed countries (12 out of 25)[26]. The largest decreases in the debt-to-GDP ratio are expected in Greece (9 % of GDP), followed by Portugal (5 % of GDP) and Ireland (4 % of GDP). In the remaining countries, the public debt-to-GDP level is expected to decrease by between 0.3 % and 4 % of GDP. In half of the surveyed countries (13 out of 25)[27], the debt-to-GDP ratios are expected to increase or remain stable. The largest increases in the debt-to-GDP ratio are expected in the United Kingdom (6 %). This is followed by Lithuania

[23] BE, CZ, DE, EE, ES, FR, HU, IT, LT, LV, MT, NL, RO, SK, UK.
[24] CZ, EE, ES, DE, FR, HU, IT, LT, LV, NL, RO.
[25] AT, DK, EL, FI, HR, LU.
[26] AT, CY, ES, FR, EL, HU, HR, IE, IT, PT, SE, SK.
[27] BE, CZ, DK, EE, FI, LT, LU, LV, MT, NL, RO, UK.

(4 %) and five other countries[28](2 % to 3 %), however their debt-to-GDP levels were relatively low to begin with. The remaining countries will see their debt-to-GDP ratios increase by less than 2 % of GDP.

Twelve countries are projected to remain above the 60 % GDP ceiling for public debt[29].

Figure 4. Projected gross public debt on Maastricht basis (% of GDP)



Note: The figure above shows the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs in line with their mandates. Produced projections (officially or internally) are fully shaded, assessed projections (with or without endorsement) are dotted. The figures for Ireland relate to GNI rather than GDP.
Source: The Network of EU Independent Fiscal Institutions (2023).

3.4 Assessment by IFIs

Most national IFIs with the role of assessing the budgets stated that budgets[30] covering the 2023 fiscal year are broadly satisfactory but with some caveats. Some national IFIs consider their national budgets to be appropriate but the large majority also expressed some concerns over the 2023 budgets. Notably, IFIs raised concerns over measures not being well-targeted towards energy price fluctuations. Some IFIs also raised concerns about national budgets being unrealistic and too expansionary, considering that the impact of uncertainty on the economy was smaller than expected.

Around two-thirds of national IFIs (21 out of 31)[31] report that the current 2023 budget allows for substantial energy support for the winter of 2023. Some of these amounts have not been allocated and provide contingencies for further government measures if needed.

Overall, many national IFIs raised concerns about the composition of public finances, planning for long-term fiscal sustainability and institutional aspects. These mostly relate to: i) the scale of permanent increases in public expenditures; ii) public expenditures exceeding national ceilings for 2023; iii) the impact of higher interest rates; and iv) budgets lacking the space to mitigate the potential impact of future shocks in a context of high uncertainty.

Some national IFIs raised certain concerns about their governments underestimating the impact of certain expenditures, for instance due to elections, or overestimating revenue estimations. Some IFIs continue to

[28] BE, CZ, DE, MT, LU.
[29] AT, BE, CY, EL, ES, FR, FI, HR, HU, IT, PT, UK.
[30] At the end of 2022, 22 out of 31 IFIs had completed their assessment of the 2023 budget. The remaining seven IFIs do not have a mandate, do not plan to assess the budget or had not yet assessed the budget at the time of completing the survey.
[31] AT, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, MT, NL, SE, SI, SK, UK.

express concern over the long-term sustainability of public finances given fiscal measures with permanent effects beyond energy price measures.

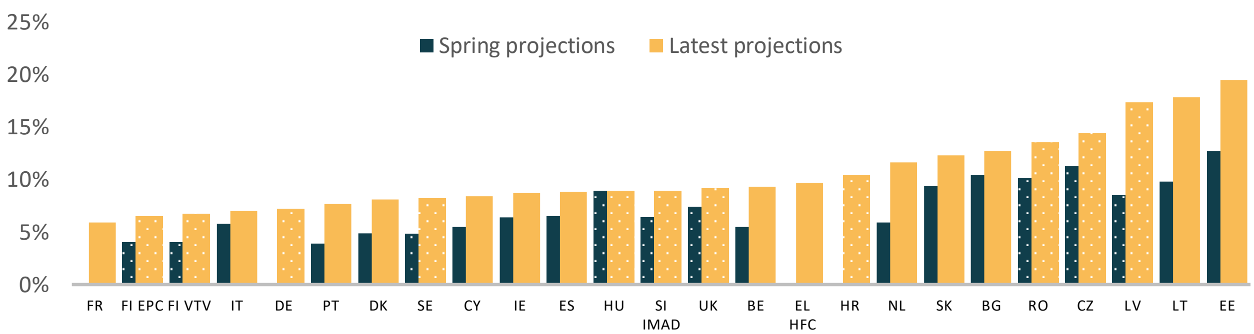
4 The impact of rising inflation on public finances

4.1 Inflation across EU countries

After several decades of low inflation, the EU experienced a surge in inflation in 2022. This is in part due to soaring energy and food costs brought on by the invasion of Ukraine in early 2022. Nevertheless, inflationary pressures began prior to the start of the war due to global supply-chain disruptions and the recovery from Covid-19.

Already in spring 2022, during the assessment/endorsement of the national Stability and Convergence Programmes, IFIs expected consumer prices in the EU to increase by an average of 6 % in 2022 (see Figure 5). The highest inflation rate was projected in central and eastern European countries, which were most exposed to gas supply changes. However, the latest EU inflation projections for 2022 have outpaced the spring projections, with an average of an 8 % inflation rate. This is due to higher than anticipated increases in food and energy prices, together with stronger and more broad-based domestic price pressures.

Figure 5. Annual inflation in 2022 projected in spring 2022 compared to latest monthly outturn (%)



Note: The figures show the projections produced (officially or internally) or assessed (with or without endorsement) by IFIs in line with their mandates. The numbers correspond to the projections. Produced projections (officially or internally) are fully shaded, assessed projections (with or without endorsement) are dotted. Inflation is indicated through the national or harmonised consumer prices index used within the 2022 Stability and Convergence Programmes for both the spring projections and the latest projections.
Source: The Network of EU Independent Fiscal Institutions (2022)

Risks around inflation remain high from further changes in food and energy prices to the strength of wider second-round effects. A key uncertainty is how wages and private consumption will respond and to what extent temporary government support measures may contribute to this.

At the same time, monetary policy has shifted very quickly in Europe and globally. Central banks have significantly raised interest rates in most countries. In the euro area, the ECB has raised its key interest rate[32] to 2.5 % in 2022 and ended its asset purchase programme (ECB, 2022). This has contributed to a continuing increase in euro area benchmark bond yields to the highest level since 2014 and a widening of

[32] The interest rate on refinancing operations.

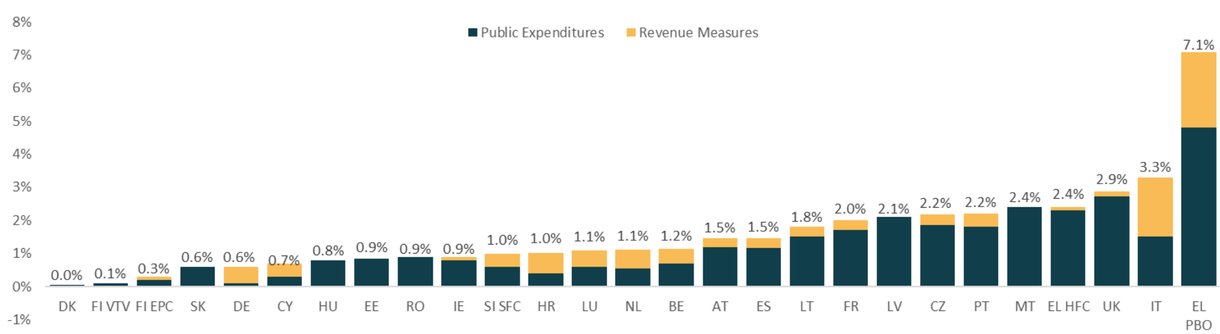
ten year bond spreads across countries. The high average maturity of debt in most countries is, however, likely to dampen any immediate impact on interest costs. Moreover, the spreads have somewhat more recently narrowed.

4.2 The fiscal response to rising inflation

Nearly all countries adopted discretionary fiscal measures in 2022 to mitigate the impact of inflation on households and, to a lesser extent, businesses. These include public expenditures, revenue, liquidity, non-fiscal and other measures. In total, in 25 out of 27 governments[33] have adopted discretionary measures to shield households and businesses from inflation hikes. According to IFIs' estimations, additional discretionary measures[34] undertaken from September 2021 to November 2022 have a budgetary impact of, on average[35], about 1 % of GDP in 2022 (see Figure 6).

Greece, Italy and the United Kingdom are estimated to have had the highest cost of additional discretionary measures in 2022 (about 3 % of GDP). It is followed by about 16 countries[36] which have adopted fiscal measures with a budgetary impact of about 1 % to 2 % of GDP. According to these projections, the impact of the adopted measures on the deficit ranges from less than 1 % of GDP in the remaining countries.

Figure 6. The size of adopted inflation-related fiscal measures in 2022 (% of GDP)



Note: The total size of adopted fiscal measures in 2022 is shown. Fiscal stimulus is measured as a first-round effect in general government (ESA2010) terms. The figures for Ireland relate to Modified GNI rather than GDP.
Source: The Network of EU Independent Fiscal Institutions (2023).

All the countries that adopted fiscal measures in 2022 have implemented some sort of public expenditure measures. These were primarily short-term measures, such as contributions to households' energy bills and subsidies to companies to deal with increased energy bills, as well as long-term measures such as increases in social benefits. While the former are temporary measures that are expected to last only during the winter period, the latter are permanent measures that will have a structural impact on national budgets.

[33] AT, BE, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PT, RO, SI, SK, UK.
[34] For data comparability purposes here and further in the text, only discretionary expenditure and revenue measures are used.
[35] Unweighted average.
[36] AT, BE, CZ, EE, ES, FR, HR, IE, LT, LU, LV, MT, NL, PT, RO, SI.

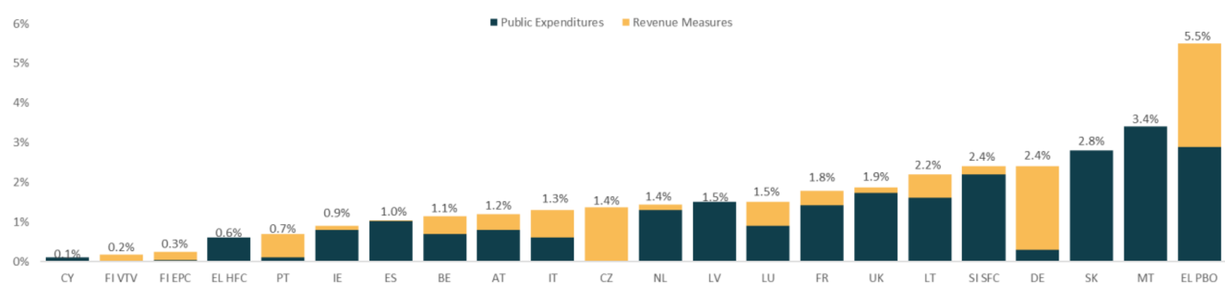
Revenue measures have been adopted in 18 out of 24 countries[37] that adopted fiscal measures in 2022. For the majority of these countries, revenue measures are temporary and will not continue into 2023. Most countries that adopted revenue measures have reduced or cancelled certain energy-related taxes and excise duties, as well as increases in tax allowance and exemption. Some governments have also reduced VAT charges on electricity, fuel or energy-saving materials. Additionally, some countries also adopted revenue generating measures to offset the cost of public spending. These, however, are not featured here as they do not intend to support companies and households but rather to compensate for the support measures.

In additional to expenditure and revenue measures, governments, such as Greece, opted for regulatory interventions to limit energy costs, including price caps for energy, fuel and other not-energy related products. Many governments have further initiated measures to stimulate energy efficiency and energy production through renewable energy sources (e.g. remissions of renewable energy charges for households and businesses).

The 2023 budgetary impact of discretionary inflation-related measures is projected to be smaller for eight countries[38] (see Figure 7). Germany, Malta, Slovenia and Slovakia are the four countries expected to see an increase in the budgetary impact by 1 % or more. For the remaining four countries[39], the increase in the cost of fiscal measures in 2023 will remain marginal. The 2023 budgetary impact of discretionary inflation-related measures is projected to be larger for remaining 12 countries[40]. According to IFIs, in many countries the spending plans already include contingencies and actual spending could be lower.

Overall, the majority of countries that adopted discretionary measures in 2022 will also see a budgetary impact in 2023. The size of the adopted measures in 2023 will be mostly attributed to public expenditures. Revenue measures are projected to fall significantly. Greece, Malta and Slovakia have so far budgeted the largest package of fiscal measures for 2023 – 6 %, 3 % and 3% of GDP respectively. The size of the adopted fiscal measures for the remaining countries varies up to 2 % of GDP.

Figure 7. The size of adopted inflation-related fiscal measures in 2023 (% of GDP)



Note: The total size of adopted fiscal measures in 2023 is shown above. Fiscal stimulus is measured as a first-round effect in general government (ESA2010) terms. The figures for Ireland relate to Modified GNI rather than GDP.
Source: The Network of EU Independent Fiscal Institutions (2023).

[37] AT, BE, CY, CZ, DE, ES, FI, FR, HR, IE, IT, LT, LU, NL, PT, SI, UK.
[38] DE, IT, LT, LU, NL, SI, MT, SK.
[39] IT, LT, LU, NL.
[40] AT, BE, CY, CZ, EL, ES, FI, FR, IT, LV, PT, UK.

The majority of the adopted measures are either only for the crisis period or short term (up to one year). This means they are not expected to have an impact on the structural budget. Nevertheless, some countries[41] have also adopted long-term permanent measures, such as increasing social security benefits to reflect higher inflation. The majority of national IFIs (19 out of 31)[42] report that their countries have automatic indexation in some form, particularly for public sector wages or pension payments, as defined by legislation or by-laws. This implies inflation's relatively direct impact on public finances.

4.3 Fiscal risks related to persistently high inflation

Many national IFIs are concerned about potential fiscal risks stemming from persistently high inflation. Inflation poses potential risks to public finances in the short and long-term. In total, 13 out of 31 national IFIs[43] believe that inflation poses fiscal risks in their country, both in the short and long-term. Five national IFIs deem that there are only long-term fiscal risks[44] and another four see only short-term fiscal risks[45]. The remaining surveyed national IFIs did not answer or saw no risks to public finances stemming from inflation at the time preparing the survey.

In the short term, inflation can raise revenues by increasing the value of the tax base in nominal terms, which can boost excise receipts and increase fiscal drag as more income moves into higher tax bands. The increase in the GDP deflator contributes to the reduction of debt and deficit ratios. However, it can also raise salaries in the public sector and lead to higher social benefits in nominal terms, as well as increase the price of goods and services purchased by public administrations.

More importantly, the large increase in energy and food prices creates pressures for the government to pursue measures to alleviate their impact on households, including social transfers. This is because the purchasing power of lower income and vulnerable households falls more due to higher energy and food prices. Higher inflation could impact growth and public finances, either through higher uncertainty or lower real incomes. Higher prices and interest rates could also lead to slower growth in the economy. Fiscal policy could also impact the demand response, including the second-round effects on wages and prices.

Inflationary pressures have led to an increase in the debt interest expenditure on government debt indexed to national and – where relevant – eurozone inflation. In 19 countries[46] national interest expenditures in 2022 (in particular those associated with indexed bonds) increased. The extent of the increase depends on the share of government bonds linked directly to inflation. For the majority of countries, the increase has been reasonable, however, for seven countries[47] this increase has been substantial. The total increase in interest expenditure in 2022 ranged from 0.6 % of GDP (RO) to 4.8 % of GDP (UK). This was predominately due to a significant share of the inflation-linked debt stock, which increases the sensitivity of the total debt stock to changes in inflation compared to countries with no inflation-linked bonds. Nevertheless, this development is unlikely to have a significant impact on national interest expenditures in the short run. The

[41] CZ, FI, FR, LT,

[42] AT, BE, CY, CZ, EE, ES, FI EPC, FI VTV, EL HFC, FR, IT, LU, MT, NL, RO, SE, SI SFC, SK, UK.

[43] CY, CZ, ES, EL HFC, DE, IT, LT, LU, PT, SE, SI SFC, SK, UK.

[44] AT, FI VTV, FR, LV, NL, RO.

[45] HR, HU, MT.

[46] BG, CZ, DE, EE, EL, ES, FI, FR, HR, HU, IE, IT, LU, LV, NL, RO, SE, SK, UK.

[47] CZ, DE, FR, HU, IT, RO, UK.

transmission to higher interest expenditures is relatively slow due to the maturity structure of debt (with an average maturity of seven to eight years in most countries).

In turn, national IFIs from six countries[48] have reported some decrease in national interest expenditures in 2022. This was largely the case for countries with no indexed bonds or countries that had longer-term financing.

4.4 Assessment by the IFIs

Overall, national IFIs expressed some concerns about the discretionary measures used to offset inflation hikes. In total, 13 out of 31[49] national IFIs surveyed raised concerns about discretionary measures adopted to offset inflation[50]. They were primarily concerned about the poor targeting of adopted measures and the ineffectiveness in reducing long-term fossil fuel energy consumption. According to at least three national IFIs, only a minority of temporary energy price mitigation measures adopted in 2022 were targeted, while long-term measures to reduce energy consumption were insufficiently considered. Certain national IFIs support the efforts of national governments to target measures but stressed that the level of targeting differs across measures.

Implementation of the new fiscal measures to offset the impact of inflation comes at a time when most EU countries are still in the implementation phase of the Recovery and Resilience Plans (RRPs). Of those who reported making an assessment and found the fiscal stance component associated to the NextGenerationEU (NGEU) funds to be appropriate, some of the IFIs are nonetheless concerned that heavily frontloaded RRPs might add up to the inflationary pressures countries are currently facing.

Overall, a third of responding IFIs (nine out of 31) consider the national component of the fiscal stance (excluding NextGenerationEU funds) to be appropriate for economic and budgetary stability in 2023[51]. However, national IFIs emphasise that the macroeconomic environment for 2023 is characterised by significant uncertainty. Five national IFIs expressed concern over an excessively expansionary national component of the fiscal stance. This is primarily due structural measures (e.g. the indexation of income tax brackets and of social benefits). IFIs also highlight the importance of tightening up the fiscal stance in light of the long-term need for consolidation.

Only a few IFIs estimate the macro impact of implementing their country's national Recovery and Resilience Plan[52]. They find that national RRPs are performing well, although some concerns have arisen due to the slow speed of implementation and the need to improve the national and European Commission's tracking metrics.

48 AT, CY, LT, MT, SI, PT.

49 AT, CY, CZ, DE, ES, FI EPC, EL HFC, HR, IE, LT, NL, PT, SI SFC.

50 National IFIs in four countries did not provide a view as this is outside their mandate, or for other reasons.

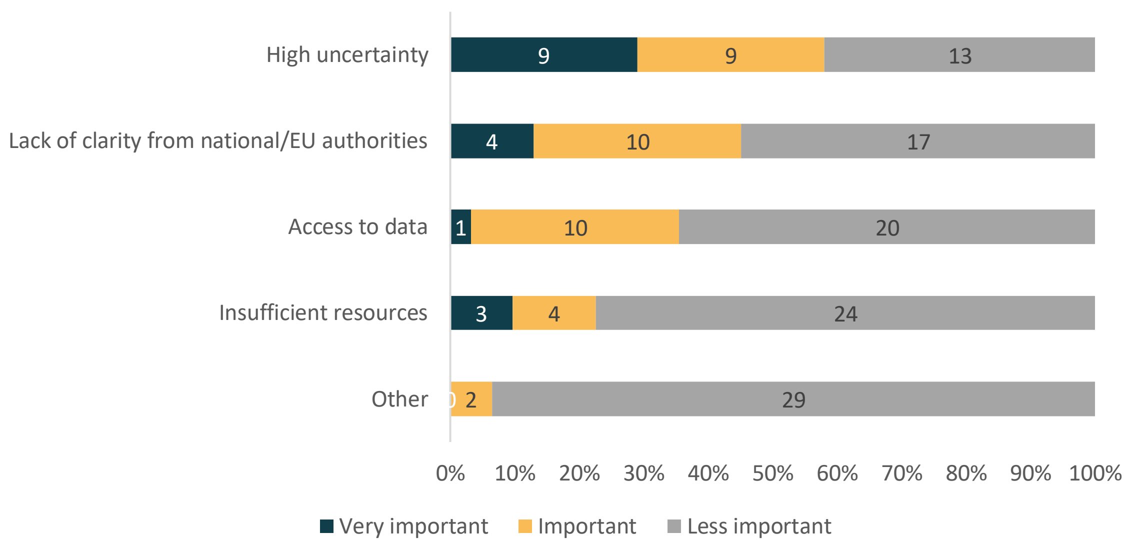
51 Fifteen national IFIs did not provide a view as this is outside their mandate, or for other reasons.

52 CY, ES, EL HFC, IT, SK.

5 The impact on IFI activities

The war in Ukraine, the subsequent energy crisis and the sharp rise in inflation affected the activities of national IFIs. Most national IFIs (20 out of 31)[53] are facing 'important' or 'very important' challenges in executing their tasks in 2022 (see Figure 8). The four main challenges cited by the national IFIs are outlined below.

Figure 8. Challenges faced by IFIs in the execution of their work in 2023 (number of respondents indicating one or more challenges)



Source: The Network of EU Independent Fiscal Institutions (2023).

First, **uncertainty about the war in Ukraine and its consequences on rising inflation**, the slowdown of the economy, and global supply shocks complicate the endorsement/assessment of macroeconomic and budgetary projections. The uncertainty mainly relates to assessing fiscal rules, forecasts, mitigation policies for inflation, the government's fiscal stance, as well as a highly uncertain environment regarding government decisions and inflation.

Second, **access to data has been a significant challenge** for 11 national IFIs[54]. New and recent data are crucial for national IFIs to assess the expected and actual budgetary impact. For example, data on planned fiscal measures were partially available or lacked in quality. Issues are seen in the consistency of the budgetary forecasts against the macroeconomic scenario and underlying policy measures. Some also experience late and disorderly decision-making processes that create challenges in executing their roles. Whereas some governments have good data sharing practices with their IFIs, better data sharing arrangements are required to improve the exchange of information between IFIs and national governments.

[53] AT, CY, DE, EE, ES, FI VTV, FR, HR, IE, IT, LT, LU, MT, NL, PT, RO, SI SFC, SI IMAD, SK, UK.

[54] Important: CY, DE, ES, FR, IE, LT, LU, MT, NL RVS, SI SFC. Very important: RO.

Third, a **lack of clarity about adopted measures** from national and/or EU authorities formed an important obstacle to the work of almost half the national IFIs[55]. National IFIs state that changes in national fiscal policies as a result of Covid-19 developments and geopolitical tensions, the extension of the general escape clause into 2023 and uncertainty on the future fiscal framework contributed to the lack clarity from national and EU authorities. This created particular difficulties in forecasting medium-term fiscal indicators. National IFIs also note that there is insufficient transparency on the costings of major measures over the medium term, national budget rules, and the assumed costs of Covid-19 and inflation reduction schemes beyond their expiration date.

Fourth, **insufficient resources** have formed a significant challenge for seven national IFIs.[56] There is large heterogeneity across IFIs when it comes resources available to them. For those with limited resources, current developments, including the war in Ukraine, and consequent changes in fiscal measures and stances provoke additional workload and related pressure. Some constraints included a lack of human resources and specific expertise, as well as delays in recruitment processes due to legal restrictions.

Despite the constraints, national IFIs in more than half of assessed EU countries report strong capacity to carry out key tasks related to fiscal oversight. Nevertheless, the work of many IFIs would benefit from better access to data and information, as well as sufficient and stable resources that could be achieved through establishing minimum standards for IFIs at EU level (Network of EU IFIs, 2022).

While the EU's 'general escape clause' has been important to manage the consequences of the Covid-19 pandemic and inflation hikes, its extension into 2023 considering the geopolitical tensions reduces the focus on fiscal rules. The role of many national IFIs in monitoring and assessing public finances could be limited, thereby increasing the possibility that governments will pursue policies that negatively impact fiscal sustainability or are too expansionary. Finally, being able to define a medium-term strategy has become more challenging for the national IFIs due to increasing unpredictability.

The Commission has recently published its Communication on Orientations for a Reform of the EU Economic Governance Framework. The Communication outlined the proposal for the reform of the fiscal rules based on the approach with 'national medium-term fiscal-structural plans as the centrepiece of the new governance architecture'. The main objective of the Commission's reform is to simplify the rules and strengthen national ownership and compliance with EU requirements. The Network of EU IFIs welcomes the publication of the Commission Communication and will be looking to analyse it in more depth once the underlying simulations are published in early 2023.

[55] Important: CY, DE, EE, ES, IE, LT, LU, MT, NL, PT. Very important: RO, SI IMAD, SI SFC, SK.
[56] Important: FR, LT, PT, SI SFC. Very important: HR, IE, RO.

Annex - Country factsheets

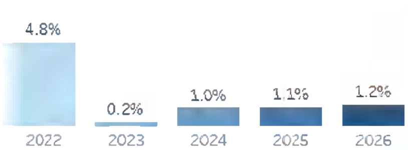
NOTE

Country factsheets provide a concise and comprehensive overview of the key fiscal indicators and the fiscal response to rising inflation, based on information provided by national IFIs. Key macroeconomic indicators were produced (officially or internally) or assessed (with or without endorsement) by the IFIs in line with their mandates. The factsheets show: i) projected real GDP growth between 2022 and 2026; ii) the general government deficit and gross public debt on the Maastricht basis between 2022 and 2026; iii) projected inflation and unemployment between 2022 and 2026; and iv) the total size of fiscal support adopted in response to rising inflation in 2022 and 2023, expressed as a percentage of GDP in the respective year. Only public expenditures and revenue measures are included.

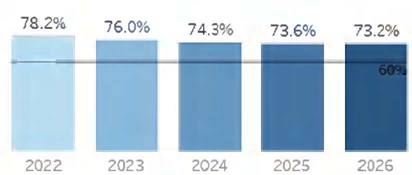
Austria

Fiskalrat

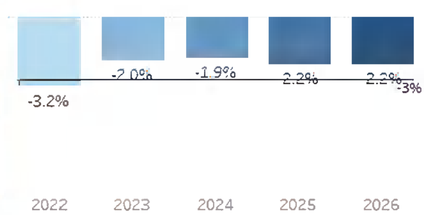
Real GDP growth (%)



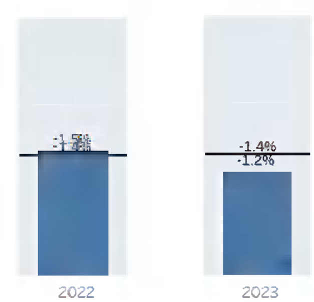
Gross public debt (% of GDP)



General government balance (% of GDP)



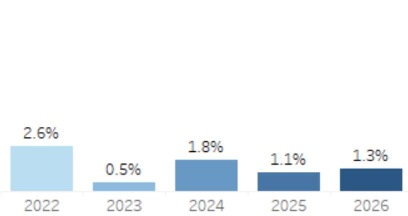
Inflation-related support (% of GDP)



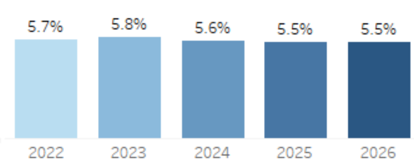
Belgium

Federal Planning Bureau / High Council of Finances

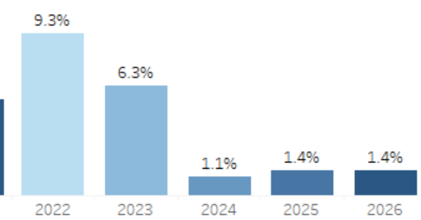
Real GDP growth
(%)



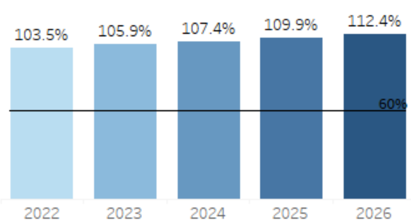
Unemployment
(%)



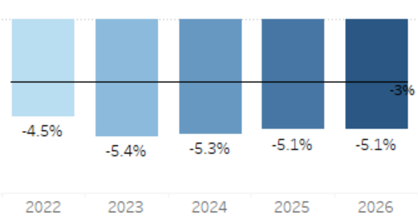
Inflation
(%)



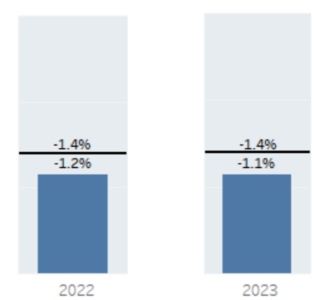
Gross public debt
(% of GDP)



General government balance
(% of GDP)



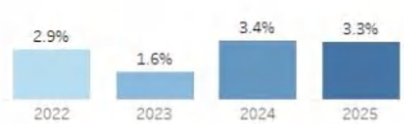
Inflation-related support
(% of GDP)



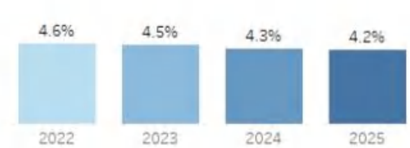
Bulgaria

Bulgarian Fiscal council

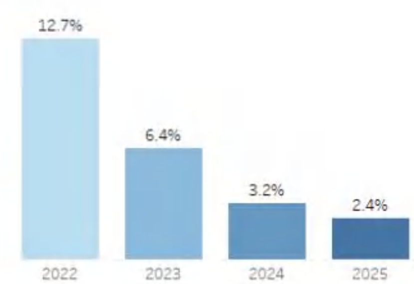
Real GDP growth
(%)



Unemployment
(%)



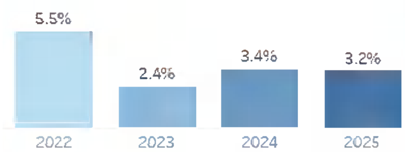
Inflation
(%)



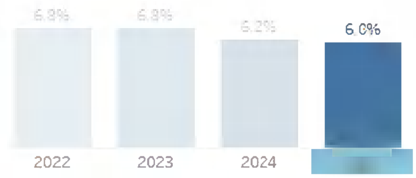
Cyprus

Cyprus Fiscal Council

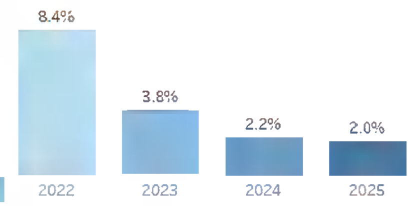
Real GDP growth
(%)



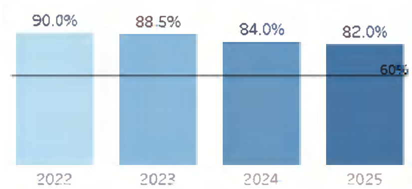
Unemployment
(%)



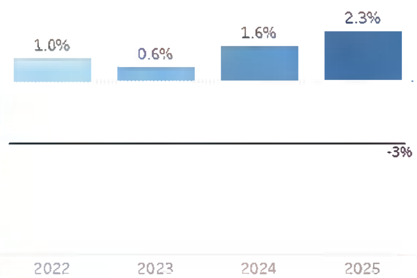
Inflation
(%)



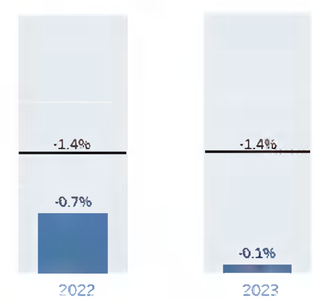
Gross public debt
(% of GDP)

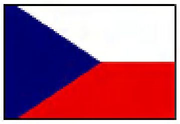


General government balance
(% of GDP)



Inflation-related support
(% of GDP)

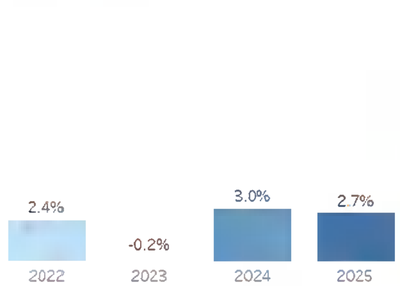




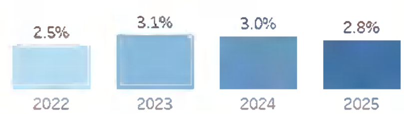
Czech republic

National Fiscal Council

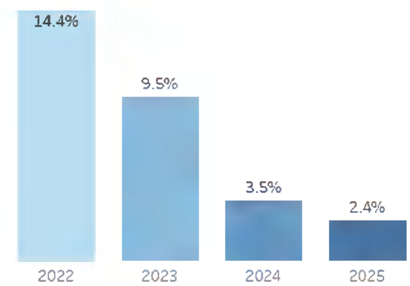
Real GDP growth (%)



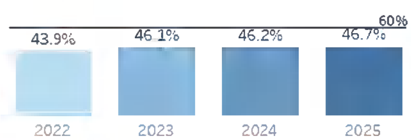
Unemployment (%)



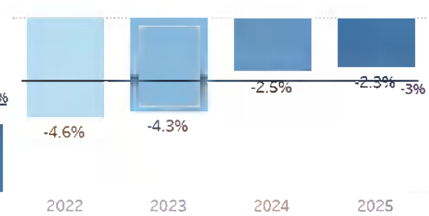
Inflation (%)



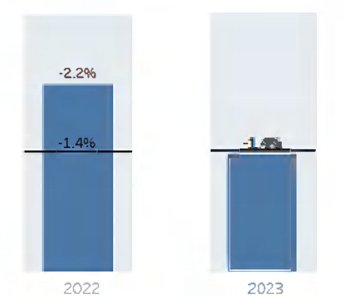
Gross public debt (% of GDP)

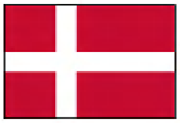


General government balance (% of GDP)



Inflation-related support (% of GDP)

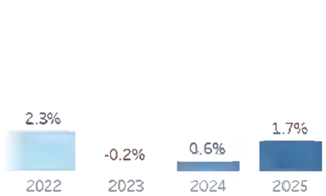




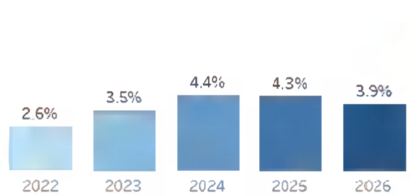
Denmark

Danish Economic Council

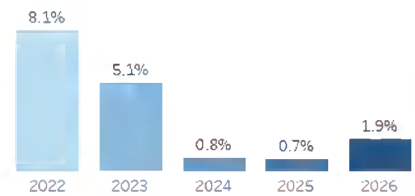
Real GDP growth
(%)



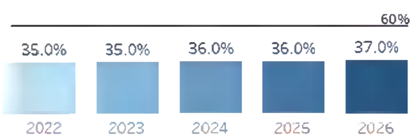
Unemployment
(%)



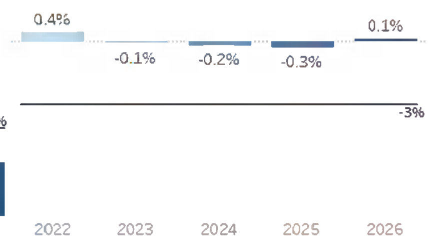
Inflation
(%)



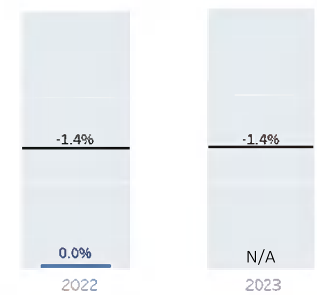
Gross public debt
(% of GDP)



General government balance
(% of GDP)



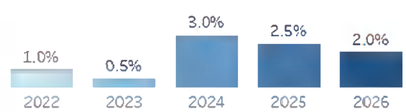
Inflation-related support
(% of GDP)



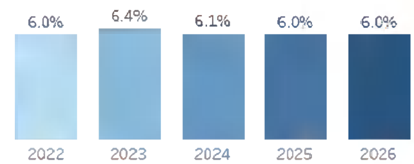
Estonia

Estonian Fiscal Council

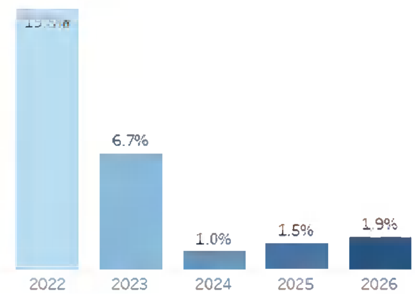
Real GDP growth
(%)



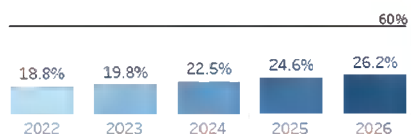
Unemployment
(%)



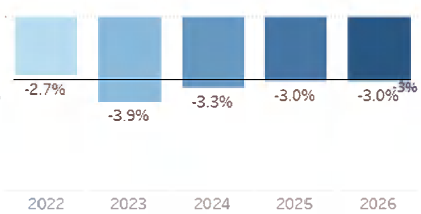
Inflation
(%)



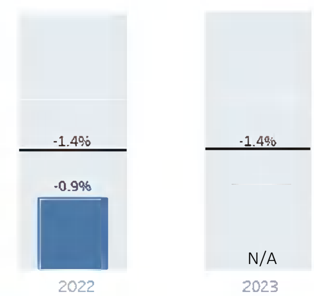
Gross public debt
(% of GDP)



General government balance
(% of GDP)



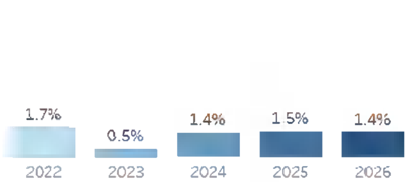
Inflation-related support
(% of GDP)



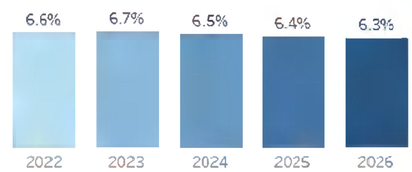
Finland

Economic Policy Council

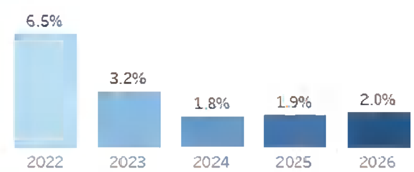
Real GDP growth
(%)



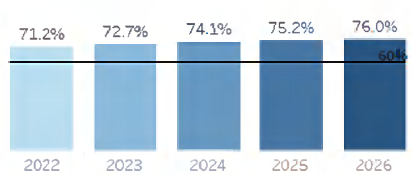
Unemployment
(%)



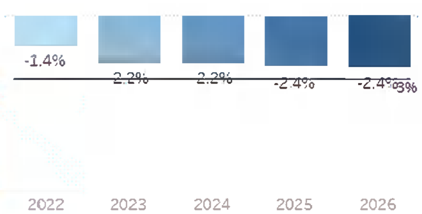
Inflation
(%)



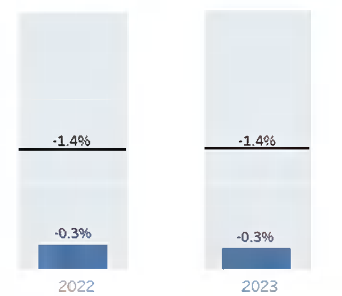
Gross public debt
(% of GDP)



General government balance
(% of GDP)



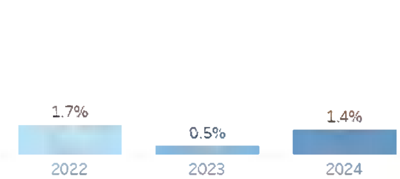
Inflation-related support
(% of GDP)



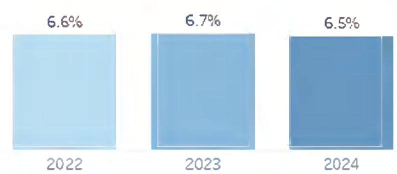
Finland

National Audit Office

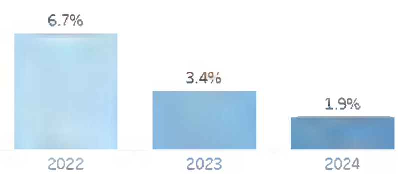
Real GDP growth
(%)



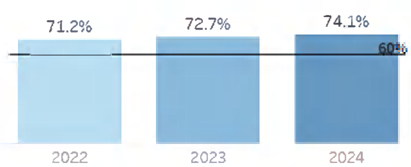
Unemployment
(%)



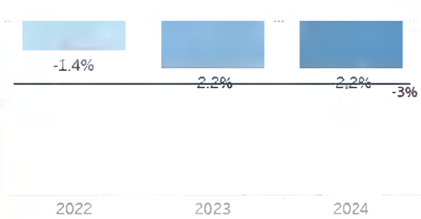
Inflation
(%)



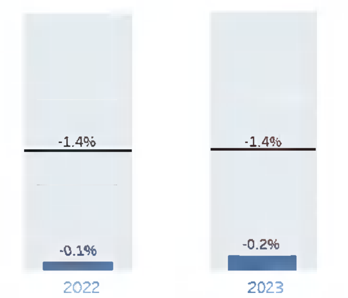
Gross public debt
(% of GDP)



General government balance
(% of GDP)



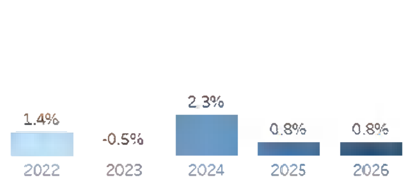
Inflation-related support
(% of GDP)



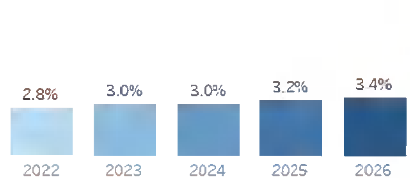
Germany

Advisory Board to the German Stability Council

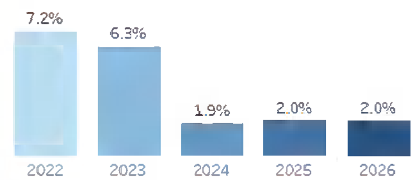
Real GDP growth (%)



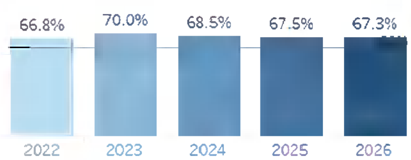
Unemployment (%)



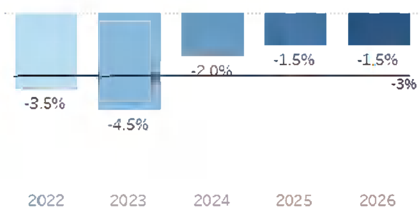
Inflation (%)



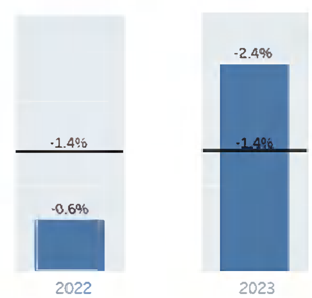
Gross public debt (% of GDP)



General government balance (% of GDP)



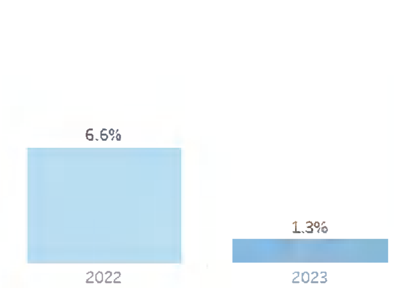
Inflation-related support (% of GDP)



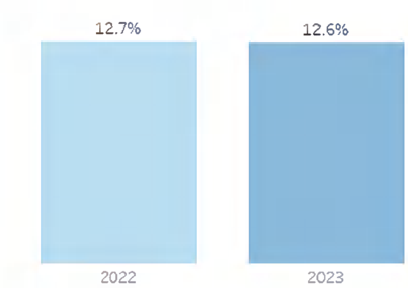
Greece

Hellenic Fiscal Council

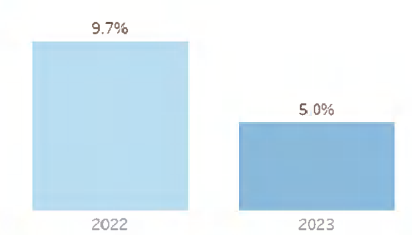
Real GDP growth (%)



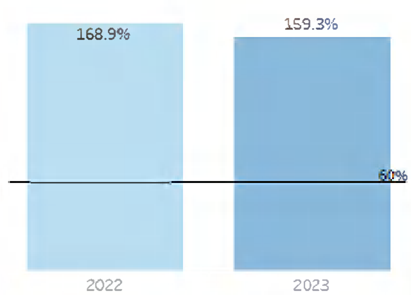
Unemployment (%)



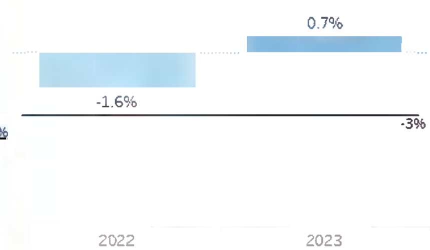
Inflation (%)



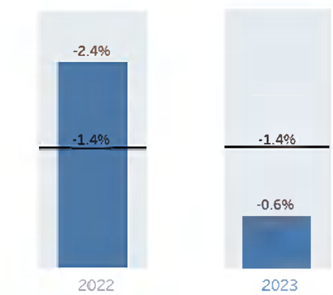
Gross public debt (% of GDP)



General government balance (% of GDP)



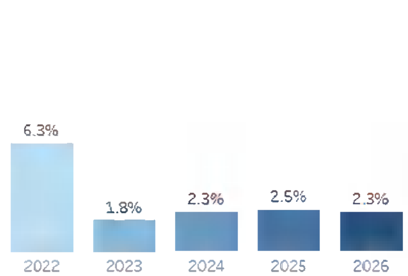
Inflation-related support (% of GDP)



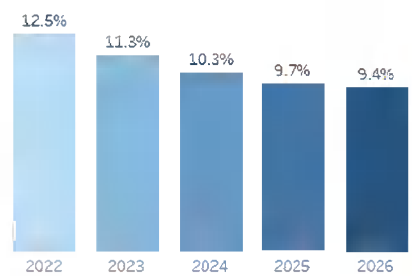
Greece

Parliamentary Budget Office

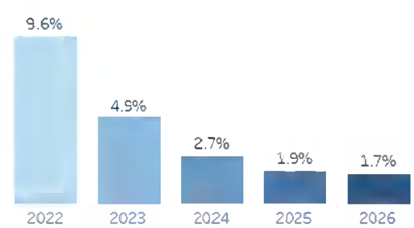
Real GDP growth
(%)



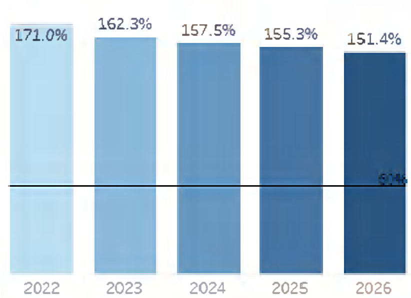
Unemployment
(%)



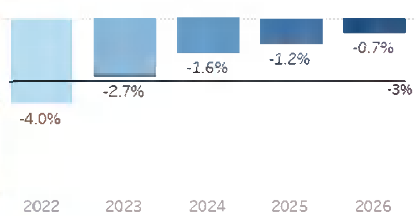
Inflation
(%)



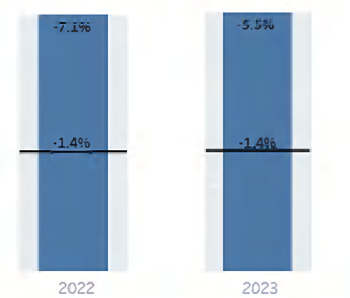
Gross public debt
(% of GDP)



General government balance
(% of GDP)



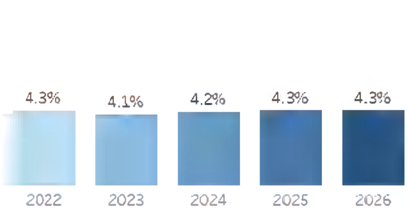
Inflation-related support
(% of GDP)



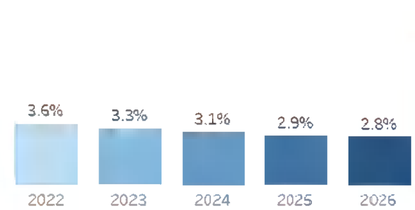
Hungary

Fiscal Council of Hungary

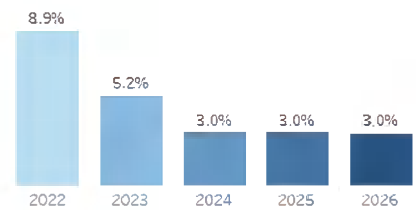
Real GDP growth
(%)



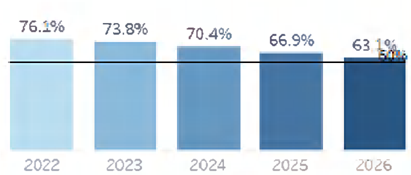
Unemployment
(%)



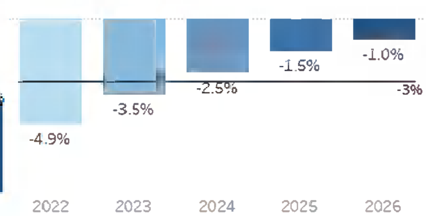
Inflation
(%)



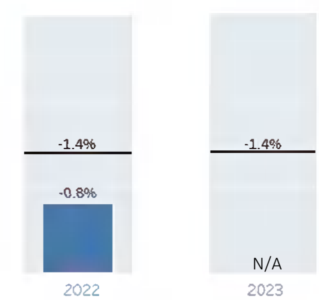
Gross public debt
(% of GDP)



General government balance
(% of GDP)



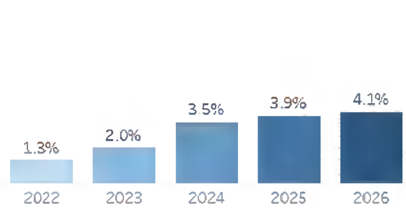
Inflation-related support
(% of GDP)



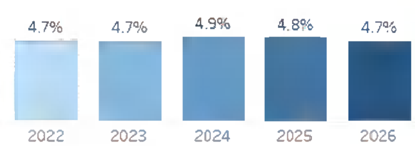
Ireland

Irish Fiscal Advisory Council

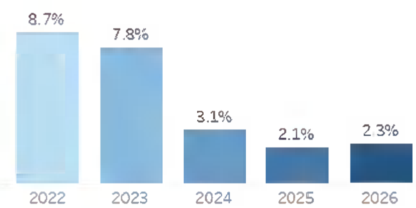
Real GDP growth (%)



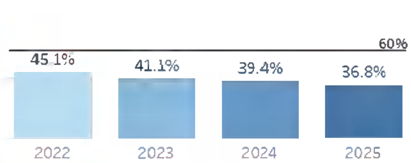
Unemployment (%)



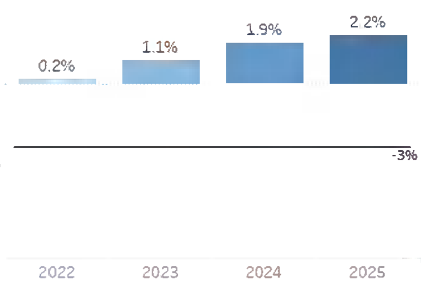
Inflation (%)



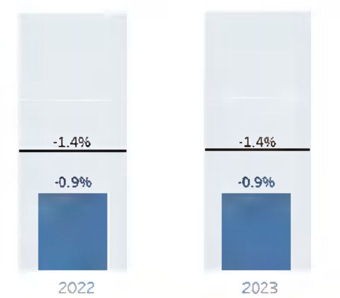
Gross public debt (% of GDP)



General government balance (% of GDP)



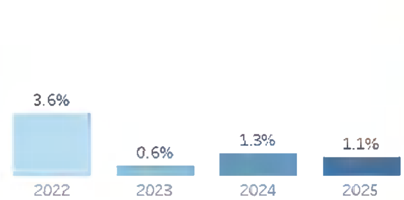
Inflation-related support (% of GDP)



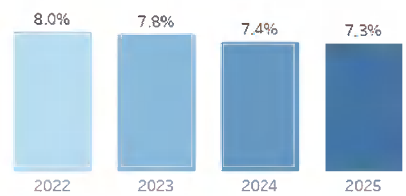
Italy

Parliamentary Budget Office

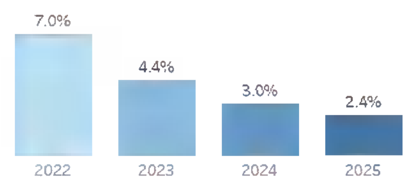
Real GDP growth (%)



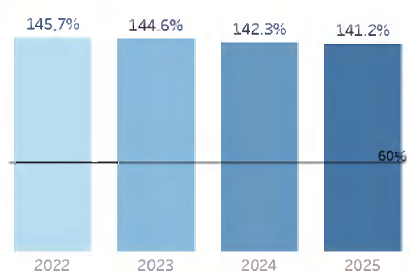
Unemployment (%)



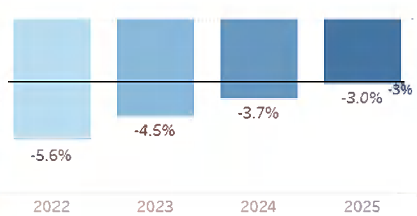
Inflation (%)



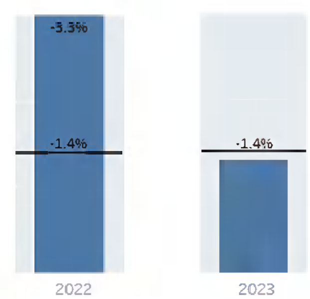
Gross public debt (% of GDP)



General government balance (% of GDP)



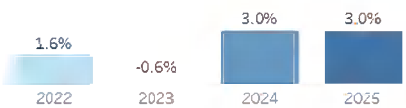
Inflation-related support (% of GDP)



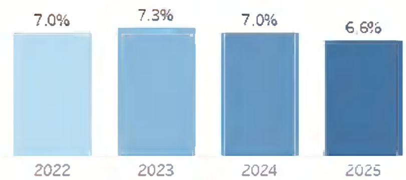
Latvia

Fiscal Discipline Council

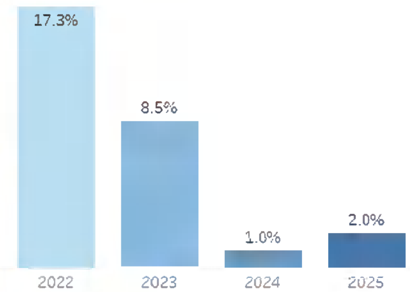
Real GDP growth
(%)



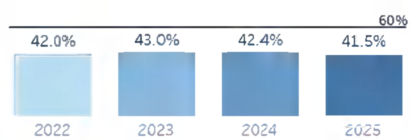
Unemployment
(%)



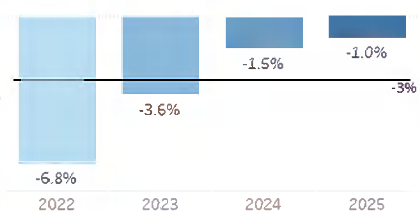
Inflation
(%)



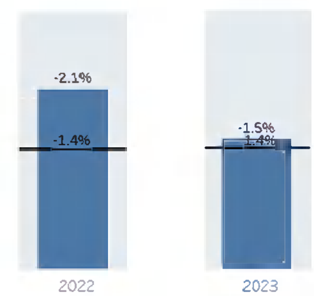
Gross public debt
(% of GDP)



General government balance
(% of GDP)



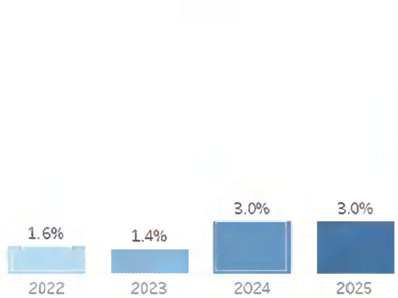
Inflation-related support
(% of GDP)



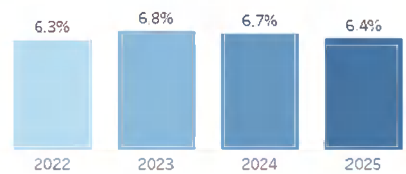
Lithuania

National Audit Office

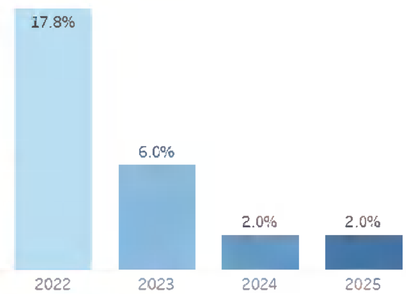
Real GDP growth (%)



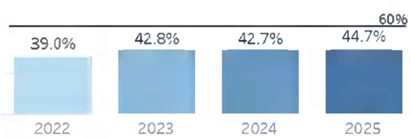
Unemployment (%)



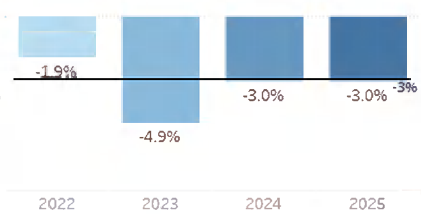
Inflation (%)



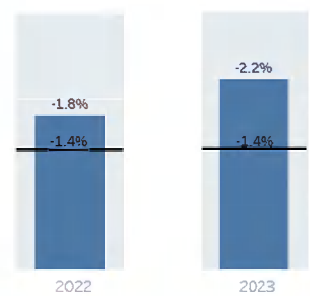
Gross public debt (% of GDP)



General government balance (% of GDP)



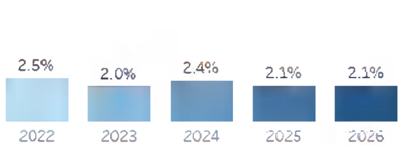
Inflation-related support (% of GDP)



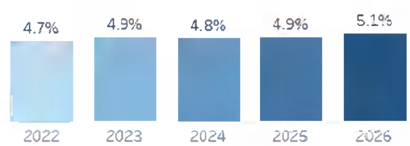
Luxembourg

National Council of Public Finances

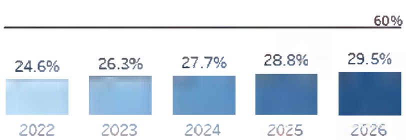
Real GDP growth
(%)



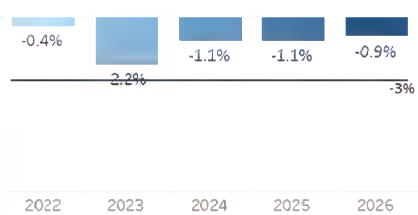
Unemployment
(%)



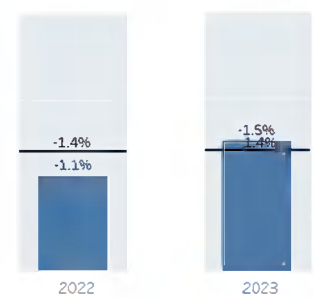
Gross public debt
(% of GDP)

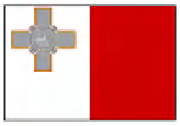


General government balance
(% of GDP)



Inflation-related support
(% of GDP)

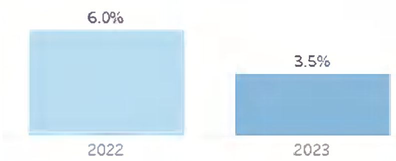




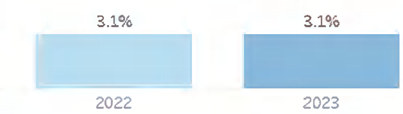
Malta

Malta Fiscal Advisory Council

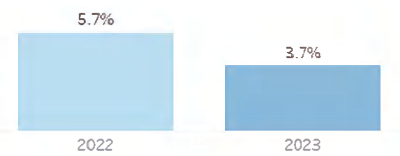
Real GDP growth
(%)



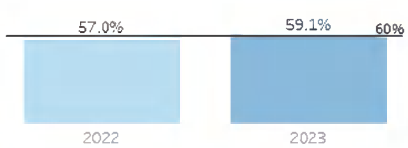
Unemployment
(%)



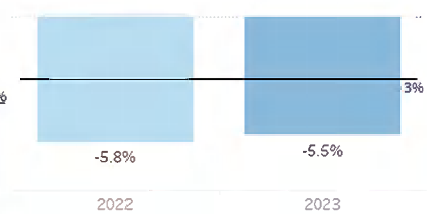
Inflation
(%)



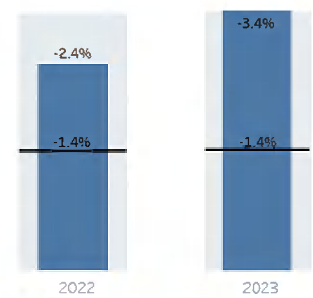
Gross public debt
(% of GDP)



General government balance
(% of GDP)



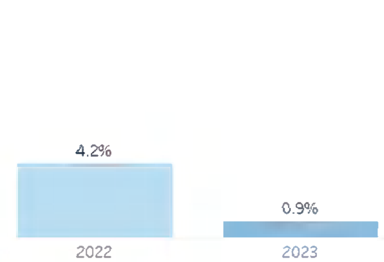
Inflation-related support
(% of GDP)



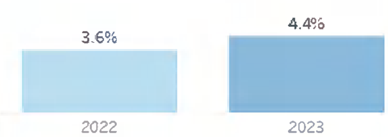
Netherlands

CPB Bureau for Economic Policy Analysis / Dutch Council of State

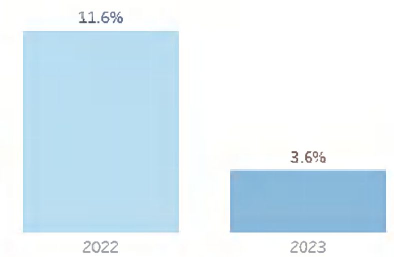
Real GDP growth
(%)



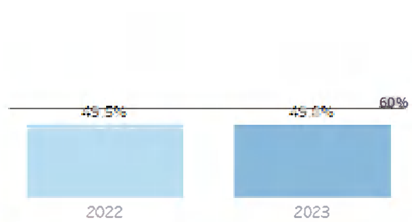
Unemployment
(%)



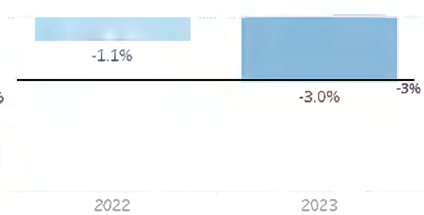
Inflation
(%)



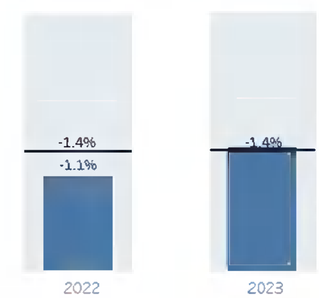
Gross public debt
(% of GDP)



General government balance
(% of GDP)



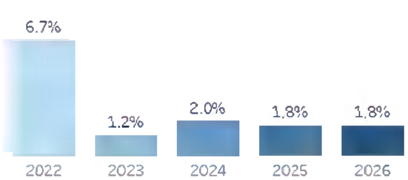
Inflation-related support
(% of GDP)



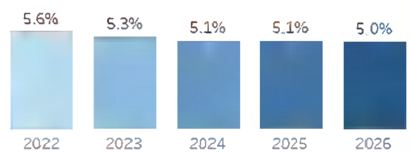
Portugal

Portuguese Public Finance Council

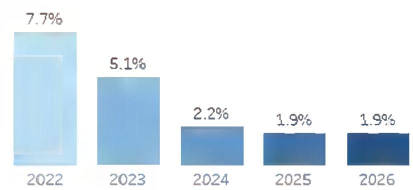
Real GDP growth (%)



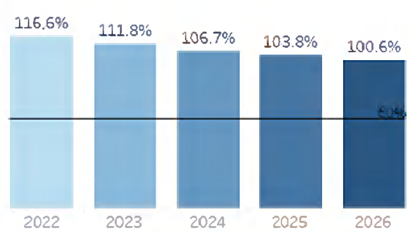
Unemployment (%)



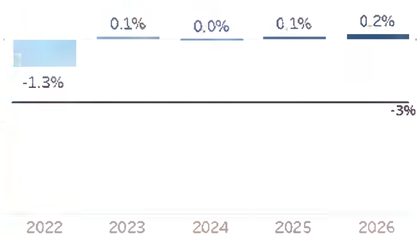
Inflation (%)



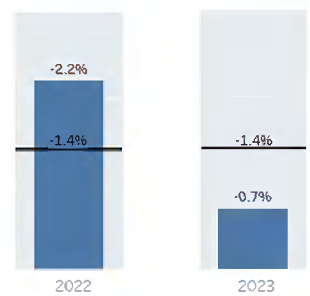
Gross public debt (% of GDP)



General government balance (% of GDP)



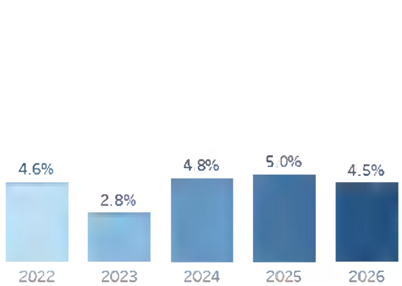
Inflation-related support (% of GDP)



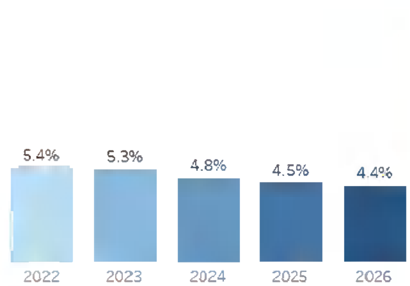
Romania

Romanian Fiscal Council

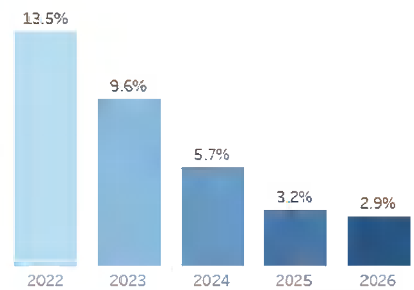
Real GDP growth (%)



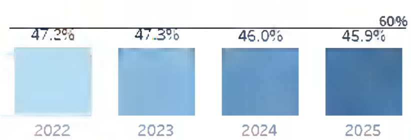
Unemployment (%)



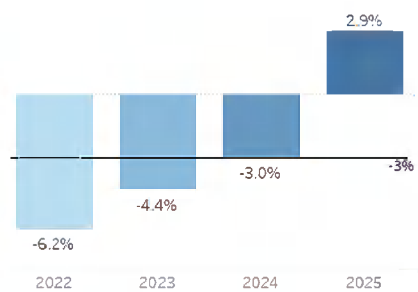
Inflation (%)



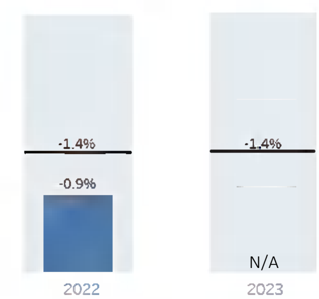
Gross public debt (% of GDP)



General government balance (% of GDP)



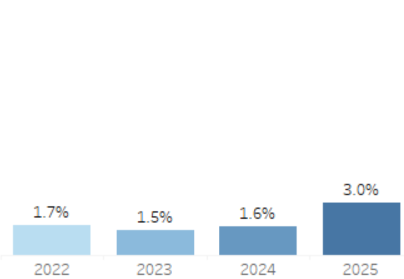
Inflation-related support (% of GDP)



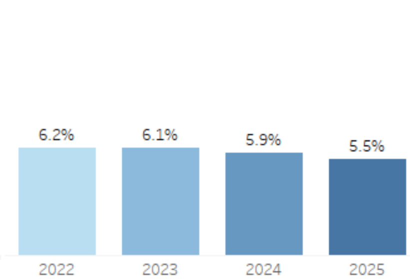
Slovakia

Council for Budget Responsibility

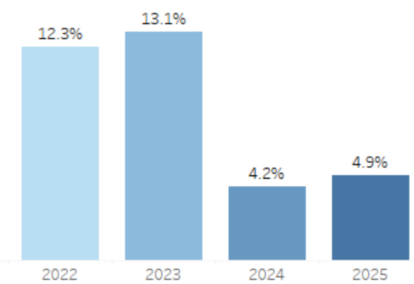
Real GDP growth (%)



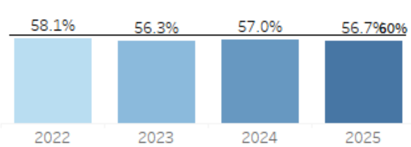
Unemployment (%)



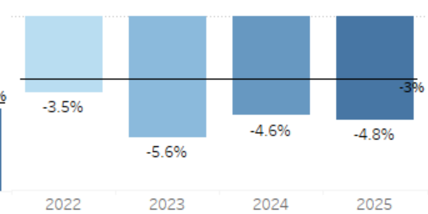
Inflation (%)



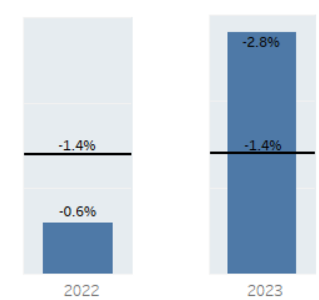
Gross public debt (% of GDP)



General government balance (% of GDP)



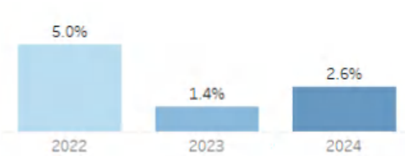
Inflation-related support (% of GDP)



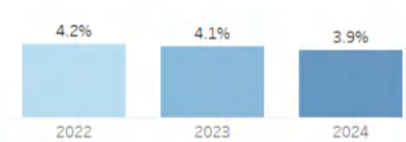
Slovenia

Institute of Macroeconomic Analysis and Development

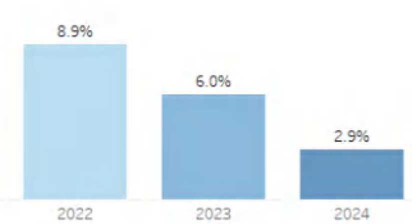
Real GDP growth (%)



Unemployment (%)



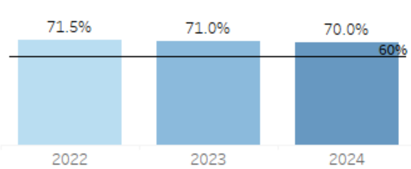
Inflation (%)



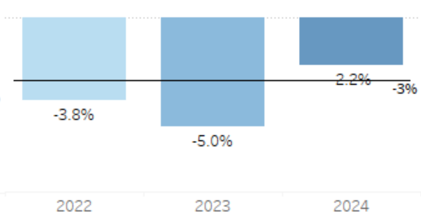
Slovenia

Slovenian Fiscal Council

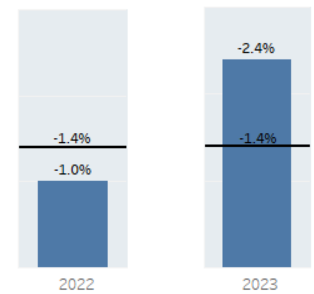
Gross public debt (% of GDP)



General government balance (% of GDP)



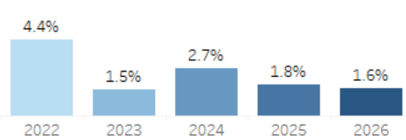
Inflation-related support (% of GDP)



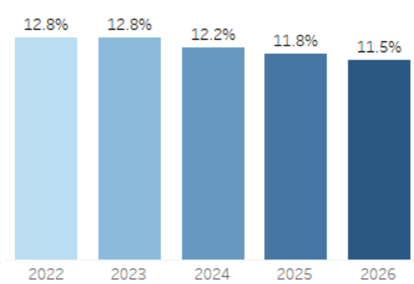
Spain

Independent Authority for Fiscal Responsibility

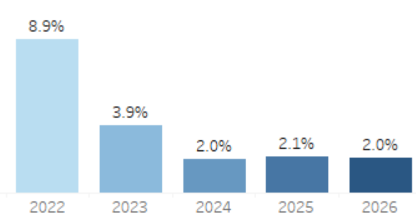
Real GDP growth (%)



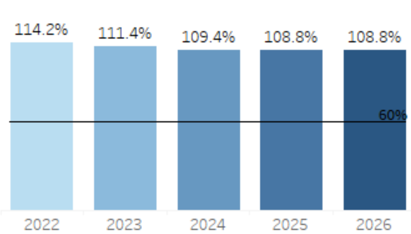
Unemployment (%)



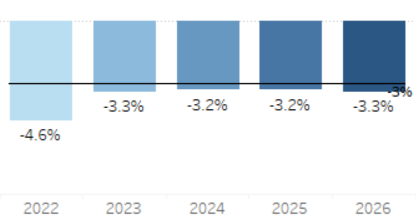
Inflation (%)



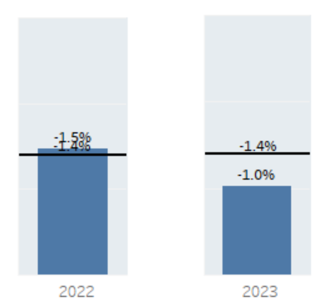
Gross public debt (% of GDP)



General government balance (% of GDP)



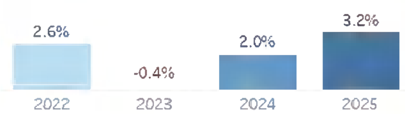
Inflation-related support (% of GDP)



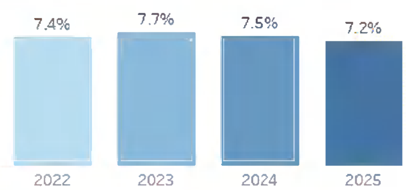
Sweden

Swedish Fiscal Policy Council

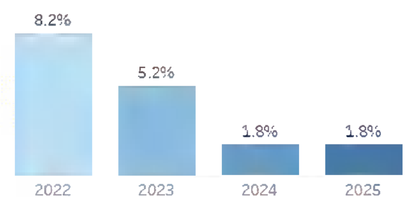
Real GDP growth
(%)



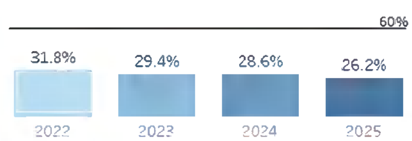
Unemployment
(%)



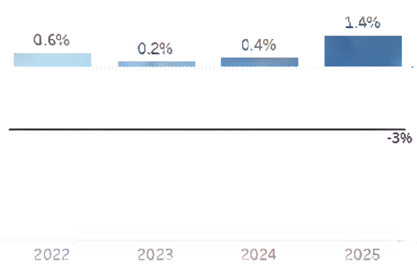
Inflation
(%)



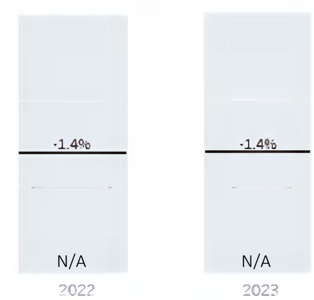
Gross public debt
(% of GDP)



General government balance
(% of GDP)



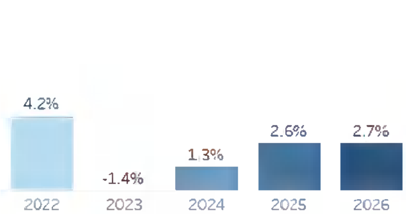
Inflation-related support
(% of GDP)



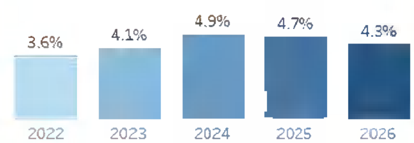
United Kingdom

Office for Budget Responsibility

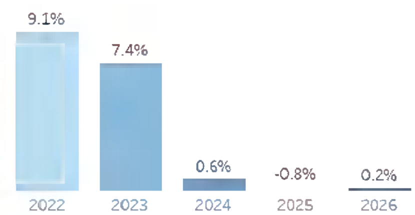
Real GDP growth
(%)



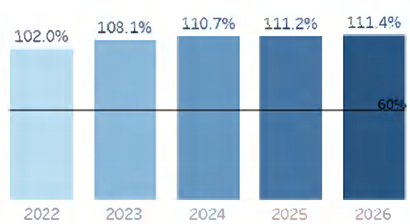
Unemployment
(%)



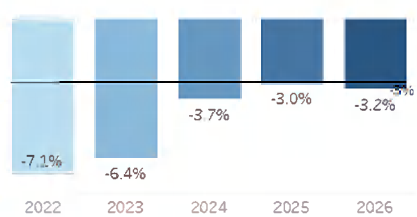
Inflation
(%)



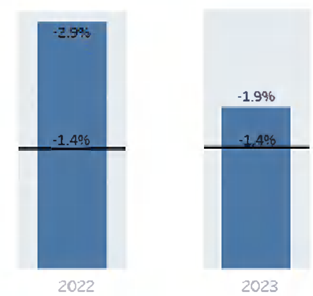
Gross public debt
(% of GDP)



General government balance
(% of GDP)



Inflation-related support
(% of GDP)



The Network of EU Independent Fiscal Institutions

The Network is composed of 32 Independent Fiscal Institutions representing 26 EU countries and the United Kingdom. It is a voluntary and inclusive institution, open to all independent fiscal oversight bodies operating in the European Union. It provides a platform to exchange views and expertise, and to pool resources in areas of common concern. The Network supports efforts to review and reinforce the EU fiscal framework, seeking to better exploit the synergies between rules and institutions, as well as between different levels of administration, whilst respecting the principle of subsidiarity and enhancing local ownership and accountability.

For further information, visit: www.euifis.eu

EU INDEPENDENT
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