Commission Opinions on the 2015 Draft Budgetary Plans

Brussels, 28 November 2014

Today, the Commission issued its **Opinions on each of the 16 Draft Budgetary Plans** that were submitted by euro area Member States by 15 October. Two euro area Member States (Cyprus, Greece) did not form part of this exercise as they are subject to macroeconomic adjustment programmes. Based on all the Draft Budgetary Plans, the Commission is also presenting a **Communication** providing an overall assessment of the budgetary outlook and fiscal stance for the euro area as a whole.

These Opinions are backed by detailed **staff working documents**, which present a more in-depth analysis of each of the 16 Draft Budgetary Plans covered by this exercise.

1. **Key questions on the procedure**

**Why are there 16 and not 18 Opinions for all euro area Member States?**

Euro area Member States must submit their draft budgetary plans for the forthcoming year to the Commission and to the Eurogroup by 15 October. But to avoid a multiplication of reporting requirements, EU Regulation No 473/2013 (part of the so-called Two Pack) explicitly makes exceptions for Member States subject to macroeconomic adjustment programmes (currently, Greece and Cyprus). They already provide the budgetary information in the framework of the programme. However, these countries still have to comply with the common timeline by presenting their draft budgets by 15 October and completing the adoption of their budgets by 31 December.

**What is the legal basis for submitting Draft Budgetary Plans?**

The legal basis for this exercise is EU Regulation No 473/2013 "on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area". It entered into force on 30 May 2013 and further strengthens budgetary policy coordination for the euro area.

**What is a Draft Budgetary Plan? What information does it contain?**

A Draft Budgetary Plan is not the same as a draft national budget. A draft national budget is a national legislative act that – annually and according to national procedures – proposes the nature, amount and allocation of the resources of the state. A Draft Budgetary Plan is a document based on a draft national budget that presents the main aspects of the budgetary situation of the general government and its sub-sectors for the year ahead. It outlines budgetary targets, detailed measures to reach those targets, and the macroeconomic assumptions underlying the budget. According to the Two Pack, draft budgets must be underpinned by independent macroeconomic forecasts. A Draft Budgetary Plan has to be consistent with the Stability and Growth Pact (SGP), including with the Council recommendations issued in the context of an Excessive Deficit Procedure and fiscal country-specific recommendations issued in the context of the European Semester.

**What is meant by "independent macroeconomic forecast"?**

According to the Two Pack, draft budgets and national medium-term fiscal plans must be based on independent macroeconomic forecasts, which are produced or endorsed by independent bodies. Accordingly, Draft Budgetary Plans include the main assumptions of these independent macroeconomic forecasts that underpin budget planning.

"Independent bodies" means bodies that are independent or autonomous vis-à-vis the budgetary authorities of Member States. They should be underpinned by national laws that ensure a high degree of autonomy and accountability.

**What is the focus of the Opinions on the Draft Budgetary Plans?**

The Commission's Opinion on a Draft Budgetary Plan offers a comprehensive assessment of the budgetary situation.
This assessment is based on the Autumn 2014 Economic Forecast and takes into account:

- the Commission’s view of the macroeconomic outlook,
- the assessment of measures taken, and
- risks to budgetary implementation.

The Opinion focuses on compliance with the Stability and Growth Pact. This means that for euro area Member States under the preventive arm of the Stability and Growth Pact, i.e. not under the Excessive Deficit Procedure (EDP), the Commission’s Opinion looks at whether the Member State concerned is making sufficient progress towards their medium-term objective[1] (or, if it is already at its medium-term objective, whether it adheres to it or deviates from it). For Member States under the EDP, the Commission’s Opinion assesses compliance with the Council’s recommendation issued as part of the EDP. The Opinions highlight whether any additional or replacement measures will be needed to ensure compliance with the Pact.

Do Member States have a legal obligation to follow the Commission’s Opinion?

The Two-Pack does not give the Commission the right to change draft national budgets. Nor does it oblige Member States to strictly follow the Commission's Opinion – even though it is clearly in the interest of Member States to comply with the rules they agreed on within the Stability and Growth Pact.

Can a Member State be asked to present a revised Draft Budgetary Plan?

In cases where the Commission identifies "particularly serious non-compliance with the budgetary policy obligations laid down in the Stability and Growth Pact", the European Commission can ask for a revised plan within two weeks of the plan's submission.

In October, the Commission carried out consultations with Austria, Finland, France and Italy to request further information or to highlight some initial concerns related to the draft budgetary plans they submitted. After taking into account all of the further information and improvements communicated by the concerned countries, no cases of "particularly serious non-compliance" were identified. (see also Statement/14/344)

What is the added value of this exercise?

This second full implementation of the new rules on fiscal surveillance in the euro area is rooted in the ‘Two-Pack’ legislation, which strengthens the coordination of Member State's fiscal policies.

The added value of this exercise is the increased transparency that it introduces to the budgetary procedure. It gives all actors concerned in the national budgetary process the information they need before making their final decision on the budget.

Economic and budgetary policies pursued in individual euro area Member States also affect the euro area as a whole. It is therefore important that fiscal plans of Member States are assessed by the Commission and discussed at an early stage among euro area Finance Ministers, before national budgets are adopted.

This new practice also facilitates a dialogue between the Commission and Member States, as national parliaments can invite the Commission to come and present its Opinion.

Overall, the autumn exercise is an important follow-up to the budgetary recommendations issued as part of the European Semester, which takes place during the first half of the year. It sets a milestone against which it can be assessed whether the measures set out in the stability programmes (submitted to the Commission by euro area Member States in spring) have actually been translated into concrete budgetary plans. For instance, the Commission has assessed the degree of overall compliance with the fiscal-structural reforms outlined in the 2014 country-specific recommendations (CSRs) which were approved by the Council in June. This assessment is summarised as below.

- **No progress**: The Member State has neither announced nor adopted any measures to address the relevant CSR: Estonia.
- **Limited progress**: The Member State has announced some measures to address the relevant CSR, but these measures appear insufficient and/or their adoption/implementation is at risk: Germany, Latvia, Austria, Slovakia, France, Portugal and Slovenia.
- **Some progress**: The Member State has announced or adopted measures to address the relevant...
CSR. These measures are promising, but not all of them have been implemented yet and implementation is not certain in all cases: Belgium, Italy, Luxembourg, Malta, the Netherlands, Finland, Spain and Ireland.

What was the impact of European System of National and Regional accounts (ESA)2010 on public finance aggregates?

The impact of the changeover to the ESA 2010 standard of national accounts and other statistical revisions on both deficit and debt figures have been taken into account in the assessment of the plans. The impact of the switch to ESA 2010 was most significant in the cases of France, Ireland, Italy, Portugal and Finland.

How was the impact of ESA 2010 reflected in the assessment?

In particular, statistical revisions have been dealt with in qualitative terms and, where feasible, also in quantitative terms in the staff working documents accompanying the Commission's Opinions, whenever their impact affected the main variables used for the assessment of compliance with the SGP. Other statistical changes have been explicitly mentioned for Estonia, Latvia and Slovenia. In other cases, the impact was not significant and/or would not change the assessment.

What happens next?

The opinions on the Draft Budgetary Plans will be discussed by the Eurogroup on 8 December. The Commission can also present its Opinion to the parliament of the Member State concerned and/or to the European Parliament if invited to do so.

In line with the common budgetary timeline introduced by the Two Pack, budgets have to be adopted by national parliaments by 31 December each year.

2. Outcome of the assessment

2.1 Euro area overview

The Draft Budgetary Plans facilitate an assessment of the budgetary situation in the euro area as a whole, as set out in today's Communication.

The Member States' plans imply a continuing decrease in the aggregate headline budget deficit in the euro area. After returning below 3% of GDP in 2013 for the first time since 2008, the aggregate budget deficit for the euro area is expected to fall further to 2.6% of GDP in 2014 and 2.2% of GDP in 2015. The autumn economic forecast of the Commission points to a slightly smaller reduction, of 0.2 percentage points to 2.4% in 2015.

The aggregate debt ratio in the euro area is planned to remain virtually unchanged from the value estimated for the current year at around 92.5% of GDP, according to the draft budgetary plans. The Commission's forecast projects a slight increase, from 93.1% in 2014 to 93.6% in 2015[2].

In terms of structural budgetary adjustment, the Commission's assessment points to a broadly neutral fiscal stance (neither tightening nor loosening) in 2015 in the euro area, following a halt in consolidation in 2014. At the same time, the assessment of the plans confirms that several Member States are currently not expected to meet their current obligations under the Stability and Growth Pact. Maintaining a neutral aggregate fiscal stance, while some Member States are called to increase their efforts in order to comply with the SGP, implies a degree of fiscal support coming from the exploitation of the fiscal space available elsewhere. This is also strongly underlines the case for the ambitious Investment Plan for Europe presented by the Commission on 26 November.

In terms of the composition of public finances, while the observed move away from taxes on labour and the number of policy actions taken to reduce the tax burden on labour are steps in the right direction, the composition of expenditure shows little if any progress towards being more growth–friendly. This underscores the necessity of a better alignment of Member States' policies with the priorities of the Jobs, Growth and Investment Package presented by the Commission (see the Annual Growth Survey press release and the Investment plan press release).

2.2 Country specific overview

The assessment of the Draft Budgetary Plans led to the conclusion that

- Five Member States are considered as compliant: Germany, Ireland, Luxembourg, the Netherlands and Slovakia
Four Member States are considered as broadly compliant: Estonia, Latvia, Slovenia and Finland.

Seven Member States are at risk of non-compliance: Belgium, Spain, France, Italy, Malta, Austria and Portugal.

Plans compliant with the country's obligations under the Stability and Growth Pact

Germany

The Commission is of the opinion that the Draft Budgetary Plan of Germany is compliant with the provisions of the SGP. However, the sizeable fiscal space, the investment needs and the very low interest rates, which imply that the social returns largely outweigh the borrowing costs, leave scope to boost public investment. Furthermore, Germany should ensure that an independent body in charge of producing or endorsing macroeconomic forecasts is in place.

The Commission is of the opinion that Germany has made limited progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation.

Ireland

The Commission is of the opinion that the Draft Budgetary Plan of Ireland is compliant with the provisions of the SGP. However, the Commission invites Ireland to use the better-than-expected economic recovery to accelerate the reduction of the debt-to-GDP ratio. While current forecasts are consistent with a timely correction of the excessive deficit, more ambitious deficit targets for 2015 and 2016 would help to firmly bring the very high government debt-to-GDP ratio on a downward path. Finally, the Commission invites Ireland to stand ready, if needed, to take the necessary measures to ensure the timely correction of the excessive deficit in 2015.

The Commission is of the opinion that Ireland has made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to make further progress.

Luxembourg

The Commission is of the opinion that the Draft Budgetary Plan of Luxembourg is compliant with the provisions of the SGP. In particular, in 2015 Luxembourg plans to make use of its buffer with respect to the MTO (medium-term-objective) as the structural surplus is set to deteriorate, while still respecting the country-specific MTO. The reduction in the structural surplus is mostly related to the decrease in VAT revenues linked to the change in e-commerce legislation (around 1½% of GDP), which is only partially compensated by the new measures planned in the Draft Budgetary Plan. However, the VAT revenues losses could turn out to be larger than expected. The Commission therefore invites the authorities to stand ready to take additional measures in case these risks should materialise.

The Commission is of the opinion that Luxembourg made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and invites the authorities to make further progress.

The Netherlands

The Commission is of the opinion that the Draft Budgetary Plan of the Netherlands is compliant with the provisions of the SGP. The Commission invites the authorities to rigorously implement the 2015 budget.

The Commission is of the opinion that the Netherlands has made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and invites the authorities to make further progress.

Slovakia

The Commission is of the opinion that the Draft Budgetary Plan of Slovakia is compliant with the provisions of the SGP. In particular, based on the currently available information, the general government deficit would not exceed the Treaty reference value, although there are some uncertainties with respect to the deficit developments in 2014. Slovakia was found to be eligible to the investment clause in 2014[3], which allows for a temporary deviation from the required adjustment path towards the MTO in that year. In 2015, when this temporary deviation has to be compensated for, Slovakia is
projected to make sufficient progress towards the MTO. In light of the above, and taking into account that the national debt brake, underpinning the Draft Budgetary Plan, is no longer expected to apply, the Commission invites the authorities to stand ready to take the necessary measures within the national budgetary process to ensure that the 2015 budget will remain compliant with the SGP.

The Commission is of the opinion that Slovakia has made limited progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation.

**Plans broadly compliant with the country’s obligations under the Stability and Growth Pact**

**Estonia**

The Commission is of the opinion that the Draft Budgetary Plan of Estonia is broadly compliant with the provisions of the SGP. In particular, based on the Commission's forecast, some deviation from the adjustment path towards the MTO is to be expected in 2015. The Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Estonia has made no progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation.

**Finland**

The Commission is of the opinion that the Draft Budgetary Plan of Finland is broadly compliant with the provisions of the SGP. The Commission invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP. Furthermore, Finland should put in place the appropriate legal framework to guarantee that the macroeconomic forecasts underlying the draft budget are independently endorsed or produced.

The Commission is of the opinion that Finland has made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and invites the authorities to make further progress.

**Latvia**

Latvia submitted on 15 October a Draft Budgetary Plan based on a no-policy change basis. The Commission is of the opinion that the Draft Budgetary Plan of Latvia, is broadly compliant with the provisions of the SGP. The Commission invites the authorities to take the necessary measures in the 2015 budget in order to be compliant with the SGP.

The Commission is of the opinion that Latvia has made limited progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation.

Following the submission of an updated Draft Budgetary Plan on 22 November 2014 by the new government, the Commission aims to adopt an Opinion on the updated Draft Budgetary Plan before the draft budget law is planned to be adopted by the national parliament.

**Slovenia**

The Commission is of the opinion that the Draft Budgetary Plan of Slovenia, is broadly compliant with the provisions of the SGP. While the Draft Budgetary Plan envisages a timely correction of the excessive deficit as the headline balance is projected to be brought below 3% of GDP in 2015, the recommended fiscal effort in structural terms is not expected to be met. The Commission invites the authorities to stand ready to take the necessary measures within the national budgetary process in order to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Slovenia has made limited progress with regards to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation.

**Plans at risk of non-compliance with the country’s obligations under the Stability and Growth Pact**
Austria

The Commission is of the opinion that the Draft Budgetary Plan of Austria is at risk of non-compliance with the provisions of the SGP. In particular, the Commission is of the opinion that the Draft Budgetary Plan for 2015, after taking into account the measures announced in October, implies a significant deviation from the adjustment path towards the MTO over 2014-15 based on both the structural balance and the expenditure benchmark pillar. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Austria has made limited progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate their implementation efforts.

Belgium

The Commission is of the opinion that the Draft Budgetary Plan of Belgium is at risk of non-compliance with the provisions of the SGP. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Belgium has made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and invites the authorities to make further progress.

The Commission will examine in early March 2015 its position vis-à-vis Belgium's obligations under the SGP in light of the finalisation of the budget law and of the expected specification of the structural reform programme announced by the authorities in the letter of 21 November signed by Prime Minister Michel, Minister van Overtveldt and Minister Jamar.

France

The Commission is of the opinion that the Draft Budgetary Plan of France is at risk of non-compliance with the provisions of the SGP. Taking into account the additional package presented on 27 October, the adjustment in the structural balance is expected to be 0.3% of GDP, compared to the 0.8% of GDP recommended by the Council in 2013. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that France has made limited progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation. Overall, the information available so far indicates that France has not taken effective action for 2014 at this stage.

The Commission will examine in early March 2015 its position vis-à-vis France's obligations under the SGP in light of the finalisation of the budget law and of the expected specification of the structural reform programme announced by the authorities in the letter of 21 November signed by Prime Minister Valls.

Italy

The Commission is of the opinion that the updated Draft Budgetary Plan of Italy, is at risk of non-compliance with the requirements of the SGP. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Italy has made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester, but invites the authorities to make further progress. In this context, policies fostering growth prospects, keeping current primary expenditure under strict control while increasing the overall efficiency of public spending, as well as the planned privatisations, would contribute to bring the debt-to-GDP ratio on a declining path consistent with the debt rule over the coming years.

The Commission will examine in early March 2015 its position vis-à-vis Italy's obligations under the SGP in light of the finalisation of the budget law and of the expected specification of the structural reform programme announced by the authorities in the letter of 21 November signed by Minister Padoan.

Malta
The Commission is of the opinion that the Draft Budgetary Plan of **Malta** is at risk of non-compliance with the provisions of the SGP. Malta is currently under the corrective arm, but could become subject to the preventive arm from 2015 in case a timely and sustainable correction is achieved. According to the Commission's forecast, the structural effort in 2014 is far from what was recommended by the Council in the EDP recommendation, highlighting the risk that the correction of the excessive deficit may not be achieved, owing to the apparent lack of a sufficient effort to support it. Also, based on the Commission's forecast, compliance with the debt rule falls slightly short in 2014. Finally, a significant deviation from the adjustment path towards the MTO is to be expected in 2015 based on the Commission's forecast, according to both the structural balance and the expenditure benchmark, unlike in the Draft Budgetary Plan. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission acknowledges that Malta has made some progress with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester. However, it invites the authorities to accelerate progress on the planned efforts to improve the financial sustainability of the healthcare system, to ensure that further pension reform measures are put in place and to ensure that the efforts to improve tax compliance and fight tax evasion yield the expected results.

**Spain**

The Commission is of the opinion that the Draft Budgetary Plan of **Spain**, is at risk of non-compliance with the provisions of the SGP. In particular, the Draft Budgetary Plan is not expected to ensure compliance with the budgetary targets set in the EDP recommendation. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Spain has made some progress towards compliance with regard to the structural part of the fiscal recommendations issued by the Council in the context of the 2014 European Semester and invites the authorities to make further progress.

**Portugal**

The Commission is of the opinion that the Draft Budgetary Plan of **Portugal**, is at risk of non-compliance with the provisions of the SGP. In particular, there is a risk that the Draft Budgetary Plan will not fulfil the Council recommendation of correcting the excessive deficit by 2015. This risk mainly arises from favourable assumptions of the impact on the budget of macroeconomic developments and from the lack of structural measures underpinning the Plan. The fiscal effort falls clearly short of the recommendation and thus indicates the need for sizeable additional structural consolidation measures for 2015 to underpin a credible and sustainable correction of the excessive deficit. The Commission therefore invites the authorities to take the necessary measures within the national budgetary process to ensure that the 2015 budget will be compliant with the SGP.

The Commission is of the opinion that Portugal has made limited progress with regard to the structural part of the recommendations issued by the Council in the context of the 2014 European Semester and thus invites the authorities to accelerate implementation.

### Overview of individual Commission Opinions on the Draft Budgetary Plans – Member States under the preventive arm of the SGP

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall compliance of Draft Budgetary Plan with Stability and Growth Pact (SGP)</th>
<th>Overall compliance with the fiscal-structural reforms suggested in 2014 Country Specific Recommendations (CSRs)</th>
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</tr>
<tr>
<td>Risk of non-compliance</td>
<td>2014: some deviation from the adjustment path towards the MTO; compliance with the debt benchmark at risk</td>
<td>Some progress</td>
</tr>
<tr>
<td></td>
<td>2015: some deviation from the adjustment path towards the MTO; compliance with the debt benchmark at risk</td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>Compliant</td>
<td>2014: MTO overachieved; compliance with the debt benchmark</td>
</tr>
<tr>
<td>Country</td>
<td>Compliance Status</td>
<td>2014: Description</td>
</tr>
<tr>
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</tr>
<tr>
<td>EE</td>
<td>Broadly compliant</td>
<td>some deviation from the adjustment path towards the MTO</td>
</tr>
<tr>
<td>IT</td>
<td>Risk of non-compliance</td>
<td>2014: allowed to deviate from the adjustment path towards the MTO due to exceptionally severe economic conditions; compliance with the debt benchmark at risk</td>
</tr>
<tr>
<td>LV</td>
<td>Broadly compliant</td>
<td>no deviation from the adjustment path towards the MTO</td>
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**Note:**
- **EE**: Estonia
- **IT**: Italy
- **LV**: Latvia
the adjustment path towards the MTO based on no-policy change DBP

However, the Tax Policy Strategy for 2015-17 includes plans to increase minimum wage and untaxed minimum income

<table>
<thead>
<tr>
<th>Country</th>
<th>Compliance</th>
<th>Year 1</th>
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</thead>
<tbody>
<tr>
<td>LU</td>
<td>Compliant</td>
<td>2014: MTO overachieved</td>
<td>2015: no deviation from the MTO</td>
<td>Some progress</td>
<td>No 'tax wedge' CSR</td>
</tr>
<tr>
<td>MT[4]</td>
<td>Risk of non-compliance</td>
<td>2014: in EDP significant deviation from the adjustment path towards the MTO; compliance with the debt benchmark</td>
<td>Some progress</td>
<td>No 'tax wedge' CSR</td>
<td></td>
</tr>
<tr>
<td>NL</td>
<td>Compliant</td>
<td>2014: no deviation from the MTO; compliance with the debt benchmark 2015: no deviation from the MTO; compliance with the debt benchmark</td>
<td>Some progress</td>
<td>'Tax wedge' CSR</td>
<td></td>
</tr>
<tr>
<td>AT</td>
<td>Risk of non-compliance</td>
<td>2014: some deviation from the adjustment path towards the MTO; compliance</td>
<td>Limited progress</td>
<td>'Tax wedge' CSR General announcement</td>
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</tr>
<tr>
<td>Country</td>
<td>Overall compliance of Draft Budgetary Plan with Stability and Growth Pact</td>
<td>Overall compliance with the fiscal-structural reforms suggested in 2014 CSRs</td>
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<tr>
<td>SK</td>
<td>Compliant</td>
<td>Limited progress</td>
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<tr>
<td>FI</td>
<td>Broadly compliant</td>
<td>Some progress</td>
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Overview of individual Commission Opinions on the Draft Budgetary Plans – Member States under the corrective arm of the SGP, i.e. in Excessive Deficit Procedure

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<th>Country</th>
<th>Overall conclusion based on the Commission's 2014 autumn Forecast</th>
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<tr>
<td>ES</td>
<td>Risk of non-compliance</td>
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<table>
<thead>
<tr>
<th>Country</th>
<th>Main measures in DBP to address the tax wedge</th>
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<tr>
<td>ES</td>
<td>'Tax wedge' CSR</td>
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<tr>
<td>Country</td>
<td>Compliance Status</td>
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</tr>
<tr>
<td>FR</td>
<td>Risk of non-compliance</td>
</tr>
<tr>
<td>IE</td>
<td>Compliant</td>
</tr>
<tr>
<td>PT</td>
<td>Risk of non-compliance</td>
</tr>
<tr>
<td>SI</td>
<td>Broadly compliant</td>
</tr>
</tbody>
</table>
For further information:


Specifications on the implementation of the Two Pack and Guidelines on the format and content of draft budgetary plans, economic partnership programmes and debt issuance reports:


Vade Mecum on the Stability and Growth Pact:


On the EU economic governance: [MEMO/14/2180](http://ec.europa.eu/economy_finance/economic_governance/sgp/budgetary_plans/index_en.htm)

[1] The MTO is a country-specific reference value for individual Member State' medium-term budgetary positions, defined in structural terms (that is, cyclically adjusted and net of one-off and temporary measures).

[2] Please note that the figures on deficit and debt refer to the aggregate of the 16 Member States that submitted a draft budgetary plan.

[3] Slovakia had asked for the application of the investment clause when presenting its DBP for 2014 in autumn 2013. Whereas at that time, the Commission had found that ex-ante the eligibility conditions were not all met, the current assessment considers those conditions fulfilled and, as a consequence, it factors in the allowed deviation from the adjustment towards the MTO, stemming from the application of the clause. In 2015, the investment clause was not extended, so no country could ask for its application.

[4] Malta is currently under the corrective arm, but could move to the preventive arm from 2015 if a timely and sustainable correction is achieved.

MEMO/14/2226

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email