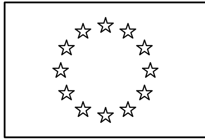

EUROPEAN COMMISSION

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Recommendation for a

COUNCIL OPINION

on the updated stability programme of Austria, 2009-2013

EXPLANATORY MEMORANDUM

1. GENERAL BACKGROUND

The Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth conducive to employment creation. The 2005 reform of the Pact sought to strengthen its effectiveness and economic underpinnings as well as to safeguard the sustainability of the public finances in the long run.

Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[1], which is part of the Stability and Growth Pact, stipulates that each Member State has to submit, to the Council and the Commission, a stability or convergence programme and annual updates thereof. Member States that have already adopted the single currency submit (updated) stability programmes and Member States that have not yet adopted it submit (updated) convergence programmes.

In accordance with the Regulation, the Council delivered an opinion on the first stability programme of Austria on 18 January 1999 on the basis of a recommendation from the Commission and after having consulted the Economic and Financial Committee. As regards updated stability and convergence programmes, the Regulation foresees that these are assessed by the Commission and examined by the Committee mentioned above and, following the same procedure as set out above, the updated programmes may be examined by the Council.

2. BACKGROUND FOR THE ASSESSMENT OF THE UPDATED PROGRAMME

The Commission has examined the most recent update of the stability programme of Austria, submitted on 26 January 2010, and has adopted a recommendation for a Council Opinion on it.

In order to set the scene against which the budgetary strategy in the updated stability programme is assessed, the following paragraphs summarise:

(1) the Commission Communication of 26 November 2008 ("A European Economic Recovery Plan");

(2) the conclusions of the Economic and Financial Affairs Council of 20 October 2009 on the "Exit strategy";

(3) the country's position under the corrective arm of the Stability and Growth Pact (excessive deficit procedure);

(4) the most recent assessment of the country's position under the preventive arm of the Stability and Growth Pact (summary of the Council Opinion on the previous update of the stability programme).

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[1] OJ L 209, 2.8.1997, p. 1. The documents referred to in this text are available at: http://ec.europa.eu/economy_finance/sgp/index_en.htm.

2.1. The Commission Communication of 26 November 2008 ("A European Economic Recovery Plan")

In view of the unprecedented scale of the global crisis that hit financial markets and the world economy in 2008-2009, the European Commission called for a European Economic Recovery Plan (EERP)[2]. The plan proposed a co-ordinated counter-cyclical macro-economic response to the crisis in the form of an ambitious set of actions to support the economy consisting of (i) an immediate budgetary impulse amounting to €200 bn. (1.5% of EU GDP), made up of a budgetary expansion by Member States of € 170 bn. (around 1.2% of EU GDP) and EU funding in support of immediate actions of the order of €30 bn. (around 0.3 % of EU GDP); and (ii) a number of priority actions grounded in the Lisbon Strategy and designed to adapt our economies to long-term challenges, continuing to implement structural reforms aimed at raising potential growth. The plan called for the fiscal stimulus to be differentiated across Member States in accordance with their positions in terms of sustainability (or room for manoeuvre) of government finances and competitive positions. In particular, for Member States with significant external and internal imbalances, budgetary policy should essentially aim at correcting such imbalances. The plan was agreed by the European Council on 11 December 2008.

2.2. The conclusions of the Economic and Financial Affairs Council of 20 October 2009 on the "Exit strategy"

Following the halt of the sharp decline in economic activity and first signs of a recovery from the crisis, the stabilisation of financial markets and the improvement in confidence, the Council concluded on 20 October 2009 that, while in view of the fragility of the recovery it was not yet time to withdraw the support governments provided to the economy and the financial sector, preparing a coordinated strategy for exiting from the broad-based policies of stimulus was needed. Such a strategy should strike a balance between stabilisation and sustainability concerns, take into account the interaction between the different policy instruments, as well as the discussion at global level. Early design and communication of such a strategy would contribute to underpinning confidence in medium-term policies and anchor expectations. Beyond the withdrawal of the stimulus measures of the European Economic Recovery Plan, substantial fiscal consolidation was required in order to halt and eventually reverse the increase in debt and restore sound fiscal positions. Increasing the efficiency and effectiveness of public finances and the intensification of structural reform were desirable even in the short term as they would contribute to fostering potential output growth and debt reductions.

The Council agreed on the following principles of the fiscal exit strategy: (i) the strategy should be coordinated across countries in the framework of a consistent implementation of the Stability and Growth Pact; (ii) taking country-specific circumstances into account, timely withdrawal of fiscal stimulus was needed; provided that the Commission forecasts continued to indicate that the recovery was strengthening and becoming self-sustaining, fiscal consolidation in all EU Member States should start in 2011 at the latest; (iii) in view of the challenges, the pace of consolidation should be ambitious, in most countries going well beyond the benchmark of 0.5% of GDP per annum in structural terms; and (iv) important flanking policies to the fiscal exit would include strengthened national budgetary frameworks for underpinning the credibility of consolidation strategies and measures to support long-term

[2] Communication from the Commission to the European Council of 26 November 2008.

fiscal sustainability; in addition, structural reform efforts should be strengthened to enhance productivity and to support long-term investment. The Council agreed that these elements should be reflected in the stability and convergence programmes, to be transmitted by Member States to the Commission by the end of January 2010.

2.3. The excessive deficit procedure for Austria

On 2 December 2009 the Council adopted a decision stating that Austria had an excessive deficit in accordance with Article 126(6) of the Treaty on the Functioning of the European Union (TFEU). At the same time, the Council addressed a recommendation under Article 126(7) specifying that the excessive deficit had to be corrected by 2013.

In particular, Austria was recommended to implement the fiscal measures in 2010 as envisaged and, starting consolidation in 2011, put an end to the excessive deficit by 2013. This should be done in a credible and sustainable manner by taking action in a medium-term framework. Austria is invited to ensure an average annual fiscal effort of ¾ % of GDP over the period 2011-2013, which should also contribute to bringing the government gross debt ratio back on a declining path that approaches the reference value at a satisfactory pace by restoring an adequate level of the primary surplus. The Austrian authorities should specify the measures that are necessary to achieve the correction of the excessive deficit by 2013, cyclical conditions permitting, and accelerate the reduction of the deficit if economic or budgetary conditions turn out better than currently expected. The Council established a deadline of 2 June 2010, to take effective action to implement the fiscal measures in 2010 as planned and to outline in some detail the consolidation strategy that will be necessary to progress towards the correction of the excessive deficit. The assessment of effective action will take into account economic developments compared to the economic outlook in the Commission services' autumn 2009 forecast.

The Austrian authorities should report on progress made in the implementation of these recommendations in a separate chapter in the updates of the stability programmes prepared between 2010 and 2013.

2.4. The assessment in the Council Opinion on the previous update

In its opinion of 7 July 2009, the Council summarised its assessment of the previous update of the stability programme, covering the period 2008-2013, as follows. The Council considers "that fiscal policy in Austria will be expansionary in 2009 and 2010; the narrowing of the general government deficit to ½% of GDP by 2008, driven by strong economic growth in the last years and the absence of external imbalances, gave the Austrian government room for manoeuvre to introduce a sizeable fiscal stimulus in response to the crisis. The response was timely and commensurate to the distress in the financial sector as well as to the scale and pace of the economic downturn. Nevertheless, the measures taken are only partly in line with the general principles of the European Economic Recovery Plan (EERP) since the major part of them is of a permanent nature. Hence a credible and sound strategy is needed for budgetary consolidation to resume as soon as the crisis abates. Yet, the stability programme foresees no reduction in government net borrowing before 2013 (at constant policies), although GDP growth is projected to pick up as from 2010. Moreover, given the markedly benign assumptions for GDP, the authorities' budgetary projections are subject to substantial downside risks. The direct budgetary implications of the support programmes for enterprises and commercial banks are currently estimated to be limited, as large parts of them are off-budget in the form of guarantees. However, if the number of non-performing domestic and

foreign loans increases, public finances would deteriorate further, as additional capital injections by the government would then become necessary". In view of this assessment, the Council invited Austria to: "(i) implement the 2009 and 2010 fiscal policy as planned including the stimulus measures in line with the EERP, and within the framework of the SGP reverse the fiscal stimulus in order to support significant budgetary consolidation towards the MTO, starting in 2011 at the latest; (ii) substantiate the measures deemed necessary to achieve a general government deficit below the 3% of GDP reference value; (iii) further improve the budgetary framework to strengthen fiscal discipline at all levels of government through enhanced transparency and accountability notably by aligning legislative, administrative and financing responsibilities between the different levels of government".

Recommendation for a

COUNCIL OPINION

on the updated stability programme of Austria, 2009-2013

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[3], and in particular Article 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On [22 April 2010] the Council examined the updated stability programme of Austria, which covers the period 2009 to 2013.

(2) The international financial and economic crisis has pushed the Austrian economy into the deepest recession in post-war history. The downturn has primarily been transmitted to Austria by falling exports, reflecting the collapse in world trade, and shrinking fixed investment on the back of declining demand as well as tighter credit market conditions. Overall, according to the latest official estimate GDP shrank by about 3.6%[4] in 2009. The strongly export-oriented manufacturing sector has suffered most. Private consumption growth, although much lower than in recent years, has become a stabilising factor. Consumer prices rose by a mere 0.5% in 2009, mainly due to strong base effects from declining fuel and heating oil prices and the downward pressure on profit margins from weak demand conditions. As the recession began to take its toll on the labour market, employment decreased by 1.2% in 2009, pushing the unemployment rate up to 5.5% (from 3.8% in the previous year). In response, the Austrian government adopted a sizeable discretionary fiscal stimulus package, in line with the European Economic Recovery Plan (EERP). As a result of the stimulus measures and the operation of automatic stabilizers, public finances deteriorated significantly, with the general government deficit reaching 3.5% of GDP (up from 0.4% of GDP in 2008) and public debt 66.5% of GDP in 2009. The Council decided on 2 December 2009 that an excessive deficit existed in Austria and issued a recommendation to correct the deficit by 2013. Even though Austria entered the crisis

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[3] OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website: http://ec.europa.eu/economy_finance/sgp/index_en.htm.

[4] The estimate has been made after the submission of the programme.

with a budgetary position close to balance, the significant deterioration in public finances calls for sizeable consolidation measures.

(3) Although much of the observed decline in actual GDP in the context of the crisis is cyclical, growth in potential output will resume from a lower starting point. In addition, the crisis may also affect potential growth in the medium term through lower investment, constraints in credit availability and increasing structural unemployment. Moreover, the impact of the economic crisis will coincide with the negative effects of demographic ageing on potential output and the sustainability of public finances. Against this background it will be essential to accelerate the pace of structural reforms with the aim of supporting potential growth. In particular, for Austria it is important to undertake reforms in the areas of labour supply (notably by further improving incentives for older workers to continue working) and education (by improving outcomes for disadvantaged youth).

(4) The macroeconomic scenario underlying the January 2010 stability programme envisages a pick up in real GDP growth from -3.4% in 2009 to 1.5% in 2010-11 and around 2% thereafter. Assessed against currently available information[5], this scenario appears to be somewhat favourable in 2010 and based on plausible growth assumptions in the years 2011-2013. The difference in the growth projection for 2010 stems from the programme's higher contribution from net exports than that in the Commission services' autumn 2009 forecast. The programme’s projections for inflation appear realistic.

(5) The programme estimates the general government deficit in 2009 at 3.5% of GDP. The significant deterioration from a deficit of 0.4% of GDP in 2008 reflects to a large extent the impact of the crisis on government finances, but was also brought about by stimulus measures amounting to 1½% of GDP which the government adopted in line with the EERP. The bulk of the fiscal stimulus introduced in 2009 was of a permanent nature (about 1.3% of GDP in 2009, compared to 0.2% of GDP in temporary measures). In line with the exit strategy advocated by the Council, and with a view to correcting the excessive deficit by 2013 and returning to a sustainable public finance position, the fiscal stance will remain supportive in 2010, followed by a fiscal tightening from 2011 on.

(6) According to the programme, in 2010 the nominal general government deficit will increase from 3.5% in 2009 to 4.7%. The programme foresees almost no change in the expenditure ratio in 2010, with the over 1% of GDP deterioration coming almost exclusively from the revenue side. The update does not outline any measures additional to those that were already known at the time of Austria's latest examination under the excessive deficit procedure, which is in line with the Council's recommendation that it "should implement the fiscal measures in 2010 as envisaged". The projected deterioration is partly due to the automatic stabilisers operating freely and partly to some discretionary measures. In particular, parts of the 2009 tax reform, namely relief for families with children and tax cuts for the self-employed, are coming into force only in 2010 and are expected to burden the budget by about ¼% of GDP. The accelerated depreciation provision, adopted in January 2009, will strain the budget additionally by about 0.1% of GDP. The expected fiscal stance is expansionary as the

[5] The assessment notably takes into account the Commission services' autumn 2009 forecast, but also other information that has become available since then.

deterioration in the nominal balance is mirrored in an increase by 1¼ % of GDP in the cyclically adjusted and structural balance as recalculated by the Commission services on the basis of the information in the programme according to the commonly agreed methodology. This change differs from the change explained by the information on the discretionary measures effective in 2010 (bottom-up approach) estimated by the Commission services at around ½ % of GDP. Part of that discrepancy can be explained by the negative composition effects, with growth drivers shifting towards net exports.

(7) The main goal of the medium-term budgetary strategy is to bring the deficit below the 3% of GDP reference value by the end of the programme horizon, in line with the Council recommendation of 2 December 2009 under Article 126(7) of the Treaty on the Functioning of the European Union (TFEU). The programme foresees a significant and evenly distributed consolidation in the years 2011-2013. The structural balance is expected to narrow from 4% of GDP in 2010 to 2.2% of GDP in 2013, corresponding to an average annual fiscal effort of about ¾% of GDP over the period 2011-2013. The structural primary balance is expected to turn from 1¼% of GDP deficit in 2010 into a ¾% of GDP surplus in 2013. The programme stipulates that the revenue-to-GDP ratio will stay largely unchanged between 2010 and 2013 and that the consolidation is to be achieved primarily on the expenditure side. However, the only measure outlined in the programme to underpin the planned consolidation is a drop in expenditure on the health care sector to the tune of about 1.7 billion euro between 2010 and 2013, which the federal government agreed on with the public health funds. As the agreed savings amount to about 0.6% of GDP, this measure provides for less than one third of the consolidation foreseen between 2010 and 2013. Austria's medium-term objective (MTO) is to achieve a balanced budget. In view of the new methodology[6] and given the most recent projections and debt level, the MTO more than adequately reflects the objectives of the Pact. However, the programme does not foresee to reach the MTO within the programme horizon.

(8) The budgetary outcomes could turn out worse than projected in the programme in the year 2011 and beyond. Whereas the revenue projections in the update remain realistic, the planned consolidation on the expenditure side is not underpinned by measures. In addition, the government had adopted a sizeable financial market stabilisation package in 2008, which resulted in significant capital injections into banks and non-financial companies as well as loan and bond issues guarantees in 2008-2009 and it cannot be excluded that some of the commitments undertaken by the government will be called in 2010 and after, although some of the cost of government support to the financial sector could also be recouped in the future. A small positive risk factor is the potential introduction of a special bank levy from 2011, which might bring about 0.2% of GDP in revenue.

(9) Government gross debt is estimated at 66.5% of GDP in 2009, up from 62.5% in the year before. Apart from the increase in the deficit and the decline in GDP growth, a

[6] The country-specific MTOs should take into account three components: i) the debt-stabilising balance for a debt ratio equal to the (60% of GDP) reference value (dependent on long-term potential growth), implying room for budgetary manoeuvre for Member States with relatively low debt; ii) a supplementary debt-reduction effort for Member States with a debt ratio in excess of the (60% of GDP) reference value, implying rapid progress towards it; and iii) a fraction of the adjustment needed to cover the present value of the future increase in age-related government expenditure.

significant stock-flow adjustment, reflecting primarily bank rescue operations, contributed to the rise in the debt ratio. The government gross debt ratio is above the Treaty reference value in 2009 and is on an increasing trend over the whole programme period. The debt ratio is projected to increase by 7.8 pps. over the programme period, mainly driven by continued high government deficits. In addition to the possibility of the deficits turning higher than planned from 2011 onwards, the evolution of the debt ratio is subject to risks stemming, in particular, from uncertainties surrounding the cost of future functioning of the country's fifth largest bank, Hypo Alpe Adria (nationalised in December 2009) and the State guarantees issued for the debt of the Austrian highway authority (ASFINAG) and Austrian Federal Railways (ÖBB).

(10) The long-term budgetary impact of ageing in Austria is slightly lower than the EU average, with pension expenditure projected to increase only slightly as a share of GDP over the long-term. The budgetary position in 2009, as estimated in the programme, compounds the budgetary impact of population ageing. Achieving primary surpluses in the medium term would contribute to reducing the risks to the sustainability of public finances which were assessed in the Commission 2009 Sustainability Report[7] as medium. Medium-term debt projections that assume GDP growth rates to only gradually recover to the values projected before the crisis and tax ratios to return to pre-crisis levels show that the budgetary strategy envisaged in the programme, taken at face value, would stabilise the debt-to-GDP ratio by 2020.

(11) The existing domestic budgetary framework, based on the Fiscal Equalisation Law ("Finanzausgleichsgesetz") and the internal stability pact, is rather complex and lacking in transparency. Not only are revenues from most individual taxes shared among the different territorial levels by fixed proportions, but also decision-making in many areas is divided among various levels of authority. Revenue-raising and spending responsibilities for numerous activities do not reside within the same level of government. As such the system does not encourage the most efficient use of resources. However, Austria has embarked recently on a far-reaching reform of the budgetary framework law at the federal level. The first part of the reform, which entered into force on 1 January 2009, established a new multi-annual expenditure framework with fixed ceilings (for about 80% of total expenditures) set for four consecutive years on a rolling basis. It is expected to prevent pro-cyclical spending and to enhance the effectiveness of the automatic stabilisers. The second part, due to come into force in 2013, involves the introduction of output-based budgeting and the modernisation of the public administration's accounting system.

(12) There is scope for efficiency gains in several areas of the Austrian public spending, in particular in health care and education, where Austria's performance is comparable or slightly below the average of the EU countries, but often comes at a higher cost. One of the reasons for this is the above-mentioned overlap in the financing and administrative responsibilities of the three layers of government. The 2010 programme outlines the savings planned in the health care sector, worth about 0.6% of GDP over

7 In the Council conclusions from 10 November 2009 on sustainability of public finances "the Council calls on Member States to focus attention to sustainability-oriented strategies in their upcoming stability and convergence programmes" and further "invites the Commission, together with the Economic Policy Committee and the Economic and Financial Committee, to further develop methodologies for assessing the long-term sustainability of public finances in time for the next Sustainability report", which is foreseen in 2012.

the 2010-2013 period. Moreover, it states that an expert working group has been created in order to find ways of enhancing the effectiveness of public spending in many areas. However, the update does not point to any concrete new legislative proposals being imminent.

(13) Overall, in 2010 the budgetary strategy set out in the programme is consistent with the Council recommendation under Art. 126(7). However, from 2011 on, taking into account the risks, the budgetary strategy may not be consistent with the Council recommendation under Art. 126(7). In particular, the strategy foresees the correction of the excessive deficit by 2013 and an average annual fiscal effort of ¾% of GDP over the period 2011-2013, but in view of the risks this fiscal effort may not be sufficient. The consolidation path outlined in the programme, starting in 2011 is not underpinned by appropriate measures. In addition, the budgetary strategy is not sufficient to bring debt-to-GDP ratio back on a downward path, let alone to accelerate the reduction of the gross debt ratio back towards the reference value as recommended by the Council under the excessive deficit procedure.

(14) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme provides all required and most of the optional data.[8] In its recommendations under Article 126(7) of 2 December 2009 with a view to bringing the excessive deficit situation to an end, the Council also invited Austria to report on progress made in the implementation of the Council recommendations in a separate chapter in the updates of the stability programmes. The respective section of the programme update provides only very limited information on how the Austrian government plans to progress in the implementation of the Council recommendation.

The overall conclusion is that in the wake of the financial and economic crisis the situation of Austria's public finances deteriorated significantly as a result of the operation of automatic stabilisers and a sizeable stimulus package adopted by the government. As the bulk of the measures aimed at combating the downturn are of permanent nature, there is a need to introduce consolidation measures as from 2011. The budgetary strategy set out in the programme for 2010 is consistent with the Council recommendation of 2 December 2009. However, the budgetary strategy for the years 2011-2013 may not be in line with the recommendation. The programme does outline a consolidation path on the expenditure side starting in 2011, but it still needs to be underpinned by concrete measures. Many significant reforms to public expenditure have been undertaken in Austria in the recent past. However, there is still room for improvement in areas such as health care and education. Substantial efficiency gains in these areas could be obtained by reforming the fiscal relations between the various layers of government.

In view of the above assessment and also in the light of the recommendation under Article 126 TFEU of 2 December 2009 Austria is invited to:

(i) substantiate the measures deemed necessary to underpin the planned consolidation from 2011 onwards, in order to achieve a general government deficit below the 3% of GDP reference value by 2013; and seize any further opportunities to accelerate the reduction of the gross debt ratio towards the 60% of GDP reference value;

[8] In particular, detailed categories of net lending vis-à-vis rest of the world, detailed categories of stock-flow adjustment and some detailed items on long-term sustainability are missing.

(ii) further improve the budgetary framework to reinforce fiscal discipline at all levels of government through enhanced transparency and accountability notably by aligning legislative, administrative and financing responsibilities between the different levels of government and by strengthening enforcement mechanisms under the internal stability pact.

Austria is also invited to submit in time for the assessment of the effective action under the excessive deficit procedure an addendum to the programme to report on progress made in the implementation of the Council recommendation under Article 126(7) of 2 December 2009 and to outline in some detail the consolidation strategy that will be necessary to progress towards the correction of the excessive deficit.

Comparison of key macro-economic and budgetary projections

		2008	2009	2010	2011	2012	2013
Real GDP (% change)	**SP Jan 2010**	**2.0**	**-3.4**	**1.5**	**1.5**	**1.9**	**2.0**
	COM Nov 2009	2.0	-3.7	1.1	1.5	n.a.	n.a.
	SP Apr 2009	*1.8*	*-2.2*	*0.5*	*1.5*	*2.0*	*2.3*
HICP inflation (%)	**SP Jan 2010**	**3.2**	**0.4**	**1.3**	**1.5**	**1.8**	**1.9**
	COM Nov 2009	3.2	0.5	1.3	1.6	n.a.	n.a.
	SP Apr 2009	*3.2*	*0.6*	*1.1*	*1.3*	*1.5*	*1.9*
Output gap[1] (% of potential GDP)	**SP Jan 2010**	**2.8**	**-1.8**	**-1.6**	**-1.5**	**-1.3**	**-1.0**
	COM Nov 2009[2]	2.8	-2.2	-2.6	-2.7	n.a.	n.a.
	SP Apr 2009	*2.6*	*-0.9*	*-1.7*	*-1.6*	*-1.2*	*-0.5*
Net lending/borrowing vis-à-vis the rest of the world (% of GDP)	**SP Jan 2010**	**3.2**	**2.3**	**2.4**	**2.7**	**2.8**	**2.9**
	COM Nov 2009	3.6	1.4	1.3	1.7	n.a.	n.a.
	SP Apr 2009	*2.9*	*1.6*	*0.6*	*1.0*	*1.3*	*1.4*
General government revenue (% of GDP)	**SP Jan 2010**	**48.4**	**48.0**	**46.9**	**46.8**	**46.9**	**46.9**
	COM Nov 2009	48.4	47.9	47.1	47.1	n.a.	n.a.
	SP Apr 2009	*48.2*	*47.5*	*46.5*	*46.4*	*46.1*	*46.1*
General government expenditure (% of GDP)	**SP Jan 2010**	**48.9**	**51.5**	**51.6**	**50.9**	**50.2**	**49.7**
	COM Nov 2009	48.9	52.3	52.6	52.4	n.a.	n.a.
	SP Apr 2009	*48.7*	*51.1*	*51.3*	*51.1*	*50.9*	*50.1*
General government balance (% of GDP)	**SP Jan 2010**	**-0.4**	**-3.5**	**-4.7**	**-4.0**	**-3.3**	**-2.7**
	COM Nov 2009	-0.4	-4.3	-5.5	-5.3	n.a.	n.a.
	SP Apr 2009	*-0.4*	*-3.5*	*-4.7*	*-4.7*	*-4.7*	*-3.9*
Primary balance (% of GDP)	**SP Jan 2010**	**2.2**	**-0.7**	**-1.8**	**-1.2**	**-0.4**	**0.2**
	COM Nov 2009	2.1	-1.4	-2.5	-2.1	n.a.	n.a.
	SP Apr 2009	*2.2*	*-0.6*	*-1.7*	*-1.4*	*-1.3*	*-0.4*
Cyclically-adjusted balance[1] (% of GDP)	**SP Jan 2010**	**-1.7**	**-2.7**	**-3.9**	**-3.3**	**-2.7**	**-2.2**
	COM Nov 2009	-1.8	-3.3	-4.3	-4.0	n.a.	n.a.
	SP Apr 2009	*-1.6*	*-3.1*	*-3.9*	*-4.0*	*-4.1*	*-3.7*
Structural balance[3] (% of GDP)	**SP Jan 2010**	**-1.7**	**-2.7**	**-3.9**	**-3.3**	**-2.7**	**-2.2**
	COM Nov 2009	-1.8	-3.3	-4.3	-4.0	n.a.	n.a.
	SP Apr 2009	*-1.6*	*-3.1*	*-3.9*	*-4*	*-4.1*	*-3.7*
Government gross debt (% of GDP)	**SP Jan 2010**	**62.6**	**66.5**	**70.2**	**72.6**	**73.8**	**74.3**
	COM Nov 2009	62.6	69.1	73.9	77.0	n.a.	n.a.
	SP Apr 2009	*62.5*	*68.5*	*73.0*	*75.7*	*77.7*	*78.5*

Notes:

[1] Output gaps and cyclically-adjusted balances from the programmes as recalculated by Commission services on the basis of the information in the programmes.

[2] Based on estimated potential growth of 1.7%, 1.2%,1.4% and 1.6% respectively in the period 2008-2011

[3] Cyclically-adjusted balance excluding one-off and other temporary measures. There are no one-offs and other temporary measures in the most recent programme and Commission services' November 2009 forecast.

Source:

Stability programme (SP); Commission services' autumn 2009 forecasts (COM); Commission services' calculations.