

The 2013 Stability and Convergence Programmes: An Overview

This paper provides an overview of Member States' 2013 Stability and Convergence Programmes (SCPs), with a focus on fiscal consolidation plans over 2012-2016. The paper serves as background for the examination of the SCPs against the requirements of the Stability and Growth Pact - both the corrective and the preventive arm - and provides a global, aggregated view of fiscal policy plans in the Union and the euro area as a whole.

The paper consists of five sections. Following an Introduction, Section 2 examines the implementation of SCPs in 2012, while Section 3 presents the macroeconomic scenarios with particular attention given to the gap between the SCPs projections and the Commission forecast. The fiscal consolidation strategy (pace, time profile and composition of the fiscal adjustment) in nominal and structural terms, Member States' new medium-term budgetary objectives (MTOs) and the calendar of convergence towards them are discussed in Section 4. Section 4 also briefly discusses the fiscal stance by complementing the structural balance with information based on the measures taken by the Member States. The risks present in the SCPs plans are then assessed, by focussing on risks on projections of macroeconomic variables and related revenue projections. Section 5 contains an assessment of short-term implications of the macroeconomic scenarios and the consolidation plans on debt dynamics. Finally, Section 6 looks at the longer term implications of the plans for fiscal sustainability, notably taking into account the projected changes in age-related expenditure. Annex I provides tables with data from both the SCPs and the Commission 2013 Spring forecast and Annex II further discusses the fiscal stance and the differences between the change in the structural balance and the indicator used as a complementary tool for the assessment of fiscal stance.