

## BRIEFING

# Implementation of the Stability and Growth Pact: February 2015

This document gives an overview of key elements under the preventive and corrective arms of the Stability and Growth Pact (SGP), against the background of the **winter 2015 European Commission (EC) forecast** and the [EC Opinions](#) of compliance of the 2015 Draft Budgetary Plans (DBP) of euro area Member States with the SGP. Data are compiled according to the European System of Accounts ([ESA 2010](#)) which came into force in September 2014.

## Member States under an Excessive Deficit Procedure

Member State	Reference year which triggered the EDP <sup>1</sup>	Current deadline for correction of nominal deficit (latest EDP-recommendation by the Council)	Fiscal effort in structural terms (% of GDP) as requested by the Council) <sup>2</sup>	Compliance of 2015 DBP with the SGP rules (EC Opinions of December 2014 <sup>9</sup> )	EC forecast - Winter 2015 <sup>3</sup> (under no policy change scenario) <sup>4</sup>				
					Year	Nominal deficit as % of GDP	Structural budget Balance <sup>5</sup> as % of GDP (year on year difference)	Debt as % of GDP	GDP growth as % change
<b>EURO AREA COUNTRIES</b>									
IE	2008	2015 ( <a href="#">Dec 2010</a> ) Under Art. 126(7)	At least 9.5 (cumulative) in period 2011-15	Compliant	2011	-12.6	-8.0	111.1	2.8
					2012	-8.0	-7.1 (0.9)	121.7	-0.3
					2013	-5.7	-4.8 (2.3)	123.3	0.2
					2014	-4.0	-3.9 (0.9)	110.8	4.8
					2015	-2.9	-3.4 (0.5)	110.3	3.5
					2016	-3.1	-3.4 (0.0)	107.9	3.6
EL	2007	2016 ( <a href="#">Dec 2012</a> ) Under Art. 126(9)	At least 10.0 (cumulative) in 2009-14	No EC Opinion <sup>10</sup>	2011	-10.1	-6.1	171.3	-8.9
					2012	-8.6	-0.3 (5.8)	156.9	-6.6
					2013	-12.2	2.7 (3.0)	174.9	-3.9
					2014	-2.5	1.9 (-0.8)	176.3	1.0
					2015	1.1	1.7 (-0.2)	170.2	2.5
					2016	1.6	1.2 (-0.5)	159.2	3.6
ES	2008	2016 ( <a href="#">Jun 2013</a> ) Under Art. 126(7)	1.1 in 2013 0.8 in 2014 0.8 in 2015 1.2 in 2016	Risk of non-compliance	2011	-9.4	-6.2	69.2	-0.6
					2012	-10.3	-3.5 (2.7)	84.4	-2.1
					2013	-6.8	-2.2 (1.3)	92.1	-1.2
					2014	-5.6	-2.1 (0.1)	98.3	1.4
					2015	-4.5	-2.3 (-0.2)	101.5	2.3
					2016	-3.7	-2.7 (-0.4)	102.5	2.5
FR	2008	2015 ( <a href="#">Jun 2013</a> ) Under Art. 126(7)	1.3 in 2013 0.8 in 2014 0.8 in 2015	Risk of non-compliance	2011	-5.1	-5.0	85.0	2.1
					2012	-4.9	-4.3 (0.7)	89.2	0.3
					2013	-4.1	-3.3 (1.0)	92.2	0.3
					2014	-4.3	-2.9 (0.4)	95.3	0.4
					2015	-4.1	-2.6 (0.3)	97.1	1.0
					2016	-4.1	-3.0 (-0.4)	98.2	1.8
CY	2009	2016 ( <a href="#">May 2013</a> ) Under Art. 126(7)	More than 4.0 (annual average) 2013-2016	No EC Opinion <sup>10</sup>	2011	-5.8	-5.7	66.0	0.3
					2012	-5.8	-5.5 (0.2)	79.5	-2.4
					2013	-4.9	-2.1 (3.4)	102.2	-5.4
					2014	-3.0	-0.9 (1.2)	107.5	-2.8
					2015	-3.0	-1.4 (-0.5)	115.2	0.4
					2016	-1.4	-1.1 (0.3)	111.6	1.6

<b>MT</b>	2012	<b>2014</b> ( <a href="#">Jun 2013</a> ) Under Art. 126(7)	<b>0.7</b> in 2013 <b>0.7</b> in 2014	<b>Risk of non-compliance</b>	<b>2011</b>	-2.6	-3.0	69.8	2.2
					<b>2012</b>	-3.6	-3.9 (-0.9)	67.5	2.5
					<b>2013</b>	-2.7	-2.7 (1.2)	69.5	2.5
					<b>2014</b>	-2.3	-2.7 (0.0)	68.6	3.3
					<b>2015</b>	-2.0	-2.4 (0.3)	68.0	3.3
					<b>2016</b>	-1.8	-2.2 (0.2)	66.8	2.9
<b>PT</b>	2009	<b>2015</b> ( <a href="#">Jun 2013</a> ) Under Art. 126(7)	<b>0.6</b> in 2013 <b>1.4</b> in 2014 <b>0.5</b> in 2015	<b>Risk of non-compliance</b>	<b>2011</b>	-7.4	-5.4	111.1	-1.8
					<b>2012</b>	-5.5	-2.3 (3.1)	124.8	-3.3
					<b>2013</b>	-4.9	-2.0 (0.3)	128.0	-1.4
					<b>2014</b>	-4.6	-1.2 (0.8)	128.9	1.0
					<b>2015</b>	-3.2	-1.7 (-0.5)	124.5	1.6
					<b>2016</b>	-2.8	-2.1 (-0.4)	123.5	1.7
<b>SI</b>	2009	<b>2015</b> ( <a href="#">Jun 2013</a> ) Under Art. 126(7)	<b>0.7</b> in 2013 <b>0.5</b> in 2014 <b>0.5</b> in 2015	<b>Broadly compliant</b>	<b>2011</b>	-6.2	-4.5	46.2	0.6
					<b>2012</b>	-3.7	-1.8 (2.7)	53.4	-2.6
					<b>2013</b>	-14.6	-1.9 (-0.1)	70.4	-1.0
					<b>2014</b>	-5.4	-2.5 (-0.6)	82.2	2.6
					<b>2015</b>	-2.9	-2.2 (0.3)	83.0	1.8
					<b>2016</b>	-2.8	-2.9 (-0.7)	81.8	2.3
<b>NON-EURO AREA COUNTRIES</b>									
<b>HR</b>	2013	<b>2016</b> ( <a href="#">Jan 2014</a> ) Under Art. 126(7)	<b>0.5</b> in 2014 <b>0.9</b> in 2015 <b>0.7</b> in 2016	<i>No EC Opinion<sup>10</sup></i>	<b>2011</b>	-7.7	-7.1	59.9	-0.3
					<b>2012</b>	-5.6	-4.4 (2.7)	64.4	-2.2
					<b>2013</b>	-5.2	-3.6 (0.8)	75.7	-0.9
					<b>2014</b>	-5.0	-3.4 (0.2)	81.4	-0.5
					<b>2015</b>	-5.5	-4.3 (-0.9)	84.9	0.2
					<b>2016</b>	-5.6	-4.8 (-0.5)	88.7	1.0
<b>PL</b>	2008	<b>2015</b> ( <a href="#">Dec 2013</a> ) Under Art. 126(7)	<b>1.0</b> in 2014 <b>1.2</b> in 2015	<i>No EC Opinion<sup>10</sup></i>	<b>2011</b>	-4.9	-5.9	54.8	4.8
					<b>2012</b>	-3.7	-4.0 (1.9)	54.4	1.8
					<b>2013</b>	-4.0	-3.5 (0.5)	55.7	1.7
					<b>2014</b>	-3.6	-3.0 (0.5)	48.6	3.3
					<b>2015</b>	-2.9	-2.7 (0.3)	49.9	3.2
					<b>2016</b>	-2.7	-2.4 (0.3)	49.8	3.4
<b>UK</b>	2008/09	<b>2014/15</b> ( <a href="#">Dec 2009</a> ) Under Art. 126(7)	<b>1.75</b> (annual average) in 2010/11 and 2014/15	<i>No EC Opinion<sup>10</sup></i>	<b>2011</b>	-7.6	-5.9	81.9	1.6
					<b>2012</b>	-8.3	-6.5 (-0.6)	85.8	0.7
					<b>2013</b>	-5.8	-4.4 (2.1)	87.2	1.7
					<b>2014</b>	-5.4	-5.0 (-0.6)	88.7	2.6
					<b>2015</b>	-4.6	-4.6 (0.4)	90.1	2.6
					<b>2016</b>	-3.6	-4.0 (0.6)	91.0	2.4

## Progress towards the Medium-Term Objectives (MTOs) by Member States not subject to an EDP

	Country Specific Recommendation (CSR) <u>as adopted by Council in July 2014</u> (CSR 1 relating to the preventive arm of the SGP) <sup>6</sup>	Level of MTO (structural budget balance as % of GDP) and Target year for MTO achievement as requested by the Council (CSR 2013 and/or 2014)	Compliance of 2015 DBP with the SGP rules (EC Opinions of December 2014 <sup>9</sup> )	Year	EC forecast - Winter 2015 <sup>3</sup> (under no policy change scenario) <sup>4</sup>			
					Structural budget balance <sup>5</sup> as % of GDP (year on year difference in percentage points)	Debt (% of GDP)	GDP Growth (%)	
<b>EURO AREA COUNTRIES</b>								
BE	<i>"(...) reinforce the budgetary measures for 2014 in the light of the <b>emerging gap of 0,5 % of GDP</b> (...), pointing to a risk of significant deviation relative to the preventive arm of the SGP requirements. In 2015, significantly strengthen the budgetary strategy to ensure the <b>required adjustment of 0,6 % of GDP</b> towards the MTO, which would also ensure compliance with the debt rule."</i>	+0.75 <b>2016</b>	Risk of non-compliance	2014	-2.8	(-0.2)	106.4	1.0
				2015	-2.1	(0.7)	106.8	1.1
				2016	-2.0	(0.1)	106.6	1.4
DE	<i>"Pursue growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the MTO continues to be adhered to throughout the period covered by the Stability Programme and that the general government debt ratio remains on a sustained downward path."</i>	-0.5 <b>2012</b> (onwards)	Compliant	2014	0.9	(0.2)	74.2	1.5
				2015	0.7	(-0.2)	71.9	1.5
				2016	0.5	(-0.2)	68.9	2.0
EE	<i>"Reinforce the budgetary measures for 2014 in the light of the <b>emerging gap of 0,3 % of GDP</b> (...), pointing to a risk of significant deviation relative to the preventive arm of the SGP requirements. In 2015, significantly strengthen the budgetary strategy to ensure that the MTO is reached and, thereafter, maintained."</i>	Balanced Position <b>2015</b>	Broadly compliant	2014	-0.7	(0.4)	9.8	1.9
				2015	-0.8	(-0.1)	9.6	2.3
				2016	-1.0	(-0.2)	9.5	2.9
IT	<i>"Reinforce the budgetary measures for 2014 in the light of the <b>emerging gap</b> relative to the SGP requirements, namely the debt reduction rule, (...) and ensure progress towards the MTO. In 2015, significantly strengthen the budgetary strategy to ensure compliance with the debt reduction requirement and thus reaching the MTO."</i>	Balanced Position <b>2015</b>	Risk of non-compliance	2014	-0.9	(-0.1)	131.9	-0.5
				2015	-0.6	(0.3)	133.0	0.6
				2016	-0.8	(-0.2)	131.9	1.3
LV	<i>"Preserve a sound fiscal position in 2014 and strengthen the budgetary strategy as of 2015, ensuring that the deviation from the medium-term objective remains limited to the impact of the systemic pension reform."</i>	-1.0 <b>2012</b> (onwards)	Broadly compliant	2014	-1.6	(-0.5)	40.4	2.6
				2015	-1.6	(0.0)	36.5	2.9
				2016	-1.7	(-0.1)	35.5	3.6

LT	<u>"Reinforce the budgetary measures for 2014 in the light of expenditure growth exceeding the benchmark and the emerging gap of 0.3 % of GDP in terms of structural effort(...), pointing to a risk of significant deviation relative to the preventive arm of the SGP requirements. In 2015, strengthen the budgetary strategy to ensure the required adjustment of 0.5 % of GDP towards the MTO. Thereafter ensure that the MTO is adhered to."</u>	-1.0 2016	No EC Opinion <sup>10</sup>	2014	-1.9	(0.3)	41.1	3.0
				2015	-1.7	(0.2)	41.8	3.0
				2016	-1.2	(0.5)	37.3	3.4
LU	<u>" Preserve a sound fiscal position in 2014; significantly strengthen the budgetary strategy in 2015 to ensure that the MTO is achieved and remain at the MTO thereafter, in order to protect the long-term sustainability of public finances, in particular by taking into account implicit liabilities related to ageing."</u>	0.5 2013 (onwards)	Compliant	2014	1.3	(-0.8)	22.7	3.0
				2015	0.4	(-0.9)	24.4	2.6
				2016	0.5	(0.1)	25.1	2.9
NL	<u>"(...) reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP, pointing to a risk of significant deviation relative to the preventive arm of the SGP requirements. In 2015, significantly strengthen the budgetary strategy to ensure reaching the MTO and maintain it thereafter, and ensure that the debt rule is met (...)."</u>	-0.5 2015	Compliant	2014	-0.7	(-0.1)	69.5	0.7
				2015	-0.9	(-0.2)	70.5	1.4
				2016	-1.1	(-0.2)	70.5	1.7
AT	<u>" (...) reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP (...), pointing to a risk of significant deviation relative to the preventive arm of the SGP requirements. In 2015, significantly strengthen the budgetary strategy to ensure that the MTO is reached and, thereafter, maintained, and ensure that the debt rule is met (...)."</u>	-0.45 2015	Risk of non-compliance	2014	-1.1	(0.3)	86.8	0.2
				2015	-1.0	(0.1)	86.4	0.8
				2016	-1.0	(0.0)	84.5	1.5
SK	<u>" (...) reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,3 % of GDP relative to the preventive arm of the SGP requirements (...). In 2015, ensure the required adjustment of 0,1% of GDP towards the MTO taking into account the expected weak economic conditions. Thereafter, until the MTO is achieved, pursue an annual structural adjustment of 0,5 % of GDP as a benchmark."</u>	-0.5 2017	Compliant	2014	-2.4	(-0.9)	53.6	2.4
				2015	-2.0	(0.4)	54.9	2.5
				2016	-1.9	(0.1)	55.2	3.2
FI	<u>"Limit the emerging gap relative to the MTO, ensure to return to it in 2015 and respect it thereafter as planned. Ensure that the debt criterion is fulfilled, while pursuing a growth-friendly fiscal policy."</u>	-0.5 2013 (onwards)	Broadly compliant	2014	-1.0	(-0.4)	58.9	0.0
				2015	-1.0	(0.0)	61.2	0.8
				2016	-1.3	(-0.3)	62.6	1.4
<b>NON-EURO AREA COUNTRIES</b>								
BG	<u>"Reinforce the budgetary measures for 2014 in the light of the emerging gap</u>	-1.0 2015	No EC Opinion <sup>10</sup>	2014	-3.2	(-1.9)	27.0	1.4

	<u>relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained."</u>			2015	-2.7	(0.5)	27.8	0.8
				2016	-2.5	(0.2)	30.3	1.0
CZ	<u>" (...) preserve a sound fiscal position in 2014. Significantly strengthen the budgetary strategy in 2015 to ensure that the MTO is achieved and remain at the MTO thereafter."</u>	-1.0 2015	No EC Opinion <sup>10</sup>	2014	-0.7	(-0.8)	44.1	2.3
				2015	-1.7	(-1.0)	44.4	2.5
				2016	-1.5	(0.2)	45.0	2.6
DK	<u>" (...) continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the MTO continues to be adhered to throughout the period covered by the Convergence Programme."</u>	-0.5 2013 (onwards)	No EC Opinion <sup>10</sup>	2014	1.2	(1.3)	45.0	0.8
				2015	-1.8	(-3.0)	42.7	1.7
				2016	-1.5	(0.3)	43.6	2.1
HU	<u>" Reinforce the budgetary measures for 2014 in the light of the emerging gap of 0.9% of GDP relative to the SGP requirements, namely the debt reduction rule (...). In 2015, and thereafter, significantly strengthen the budgetary strategy to ensure reaching the MTO and compliance with the debt reduction requirements (...)."</u>	-1.7 2015/16	No EC Opinion <sup>10</sup>	2014	-2.6	(-1.3)	77.7	3.3
				2015	-2.6	(0.0)	77.2	2.4
				2016	-2.4	(0.2)	76.1	1.9
RO	<u>"Implement the budgetary strategy for 2014, significantly strengthen the budgetary effort to ensure reaching the MTO in 2015 (...), in particular by specifying the underlying measures, and remain at the MTO."</u>	-1.0 2015	No EC Opinion <sup>10</sup>	2014	-1.3	(0.1)	38.7	3.0
				2015	-1.2	(0.1)	39.1	2.7
				2016	-1.3	(-0.1)	39.3	2.9
SE	<u>"Continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the MTO is adhered to throughout the period covered by the Convergence Programme (...)."</u>	-1.0 2012 (onwards)	No EC Opinion <sup>10</sup>	2014	-1.3	(-1.0)	41.4	1.8
				2015	-1.0	(0.3)	41.3	2.3
				2016	-0.9	(0.1)	40.6	2.6

<sup>1</sup> The year for which a deficit in excess of 3% of GDP was notified by the national authorities, or the year for which the national authorities notified a planned budget deficit in excess of 3%.

<sup>2</sup> Source of the structural effort required by the Council: see current EDP recommendation (column 3 of this table).

<sup>3</sup> See [Commission Winter 2015 forecast](#) annexes: Tables 1 (GDP growth), 36 (deficit), 41 (structural budget balance) and 42 (gross debt).

<sup>4</sup> See [Commission Winter 2015 forecast](#) Box I.4 (page 56) "Some technical elements behind the forecast".

<sup>5</sup> See [Commission Winter 2015 forecast](#) annexes: Table 41 (structural budget balance). The concept of "structural balance" is explained in the [specifications on the implementation of the Stability and Growth Pact](#), on page 21 of "[Building a strengthened fiscal framework in the EU](#)" and on the [IMF website](#). Please note that the "structural effort" in this column is not the same as "effective action"/"fiscal effort", as the assessment of effective action by the EC takes also into account revisions of potential output growth compared to that assumed at the time of the recommendations, the impact of the composition of economic growth or of other windfalls/shortfalls on revenue and other considerations. For further information please see 2012 [Public Finances Report in EMU](#) (p.77-83) and p. 62-67 of the [SGP Vademecum](#).

<sup>6</sup> The Country Specific Recommendations as adopted by Council in July 2014 (CSR relating to the preventive arm) are published here: <http://www.consilium.europa.eu/special-reports/european-semester/documents-in-2014>

<sup>7</sup> See Staff Working Documents of the European Commission of June 2014: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

<sup>8</sup> Member States which have a structural balance position at or above their MTO do not have an expenditure benchmark, since the latter is used to assess why the MTO has not been reached; for those Member States, the table includes "n.a." (= not applicable).

<sup>9</sup> The overall assessment by the EC of compliance with the provisions of the SGP is presented in more detail in a [separate EGOV note](#).

<sup>10</sup> DBP had to be submitted only by euro area Member States not subject to a macroeconomic adjustment programme.

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