



Report on the main budgetary lines for 2015 of the Autonomous Region of the Basque Country

In the two years 2014-2015, the Autonomous Region of the Basque Country must make a fiscal effort equivalent to 0.4% of its expected regional GDP for 2015. At year-end 2013, the Region's net borrowing was €739m, which is 1.1% of its regional GDP. The Autonomous Region of the Basque Country's individual target has not yet been set by the Council of Ministers, although the scenario adopted by the Region is based on the 2015 stability target set for all the Autonomous Regions. Taking this development into account and using the 2013 outcome as a starting point, in order to achieve a 2015 a net borrowing figure of 0.7% of its regional GDP, the Region must reduce its deficit by €270m. This is 0.4% of the regional GDP forecast for 2015.

The Autonomous Region of the Basque Country is deemed likely to achieve a 2015 net borrowing target of 0.7% of the regional GDP forecast for 2015. On the basis of the information available in the main budgetary lines questionnaire submitted by the Region, facilitated by the General Government Financial Information Centre (Ministry of Finance & Public Administration) and in the draft budget published by the Region for 2015, it is deemed likely that the Region will comply with the 2014 stability target, set at -1% of regional GDP; and with the forecasts for 2015, which means achieving a net borrowing figure equal to 0.7% of regional GDP.

The mission of AIReF, the Independent Authority for Fiscal Responsibility, is to ensure strict compliance with the principles of budgetary stability and financial sustainability contained in article 135 of the Spanish Constitution.

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Analysis of compliance with the 2014 budget stability target

The Autonomous Region of the Basque Country expects to achieve its 2014 stability target with a 6.9% increase in revenues and a 6.1% increase in expenditure in public-sector accounting terms. On the basis of the information facilitated in the main budgetary lines questionnaire submitted to the Ministry of Finance & Public Administration, by year-end 2014, the Region expects to achieve the stability target set for the year at -1% of regional GDP. This outcome would be obtained with a 6.9% increase in non-financial revenues and a 6.1% increase in non-financial expenditure. Moreover, adjustments in national accounts terms are expected that would adjust the budget outcome and increase the deficit by an estimated €123m.

The primary deficit expected by the Region is 0.4% of regional GDP in public-sector accounting terms. Expected non-financial interest expenditure (chapter 3 of the expenditure budget) for year-end 2014, accounts for 0.4% of regional GDP.

The Region has not quantified the impact of the measures for this year.

The Autonomous Region of the Basque Country is deemed likely to achieve its 2014 stability target, set at -1% of its regional GDP.

Analysis of the 2015 forecasts

The Autonomous Region of the Basque Country expects to achieve a 2015 deficit of 0.7% of regional GDP with a 2.3% increase in revenues and a 2.2% increase in expenditure in public-sector accounting terms. The budget stability target set for the Autonomous Regions is -0.7% of regional GDP. Although the individual target for the Autonomous Region of the Basque Country has not yet been approved by the Council of Ministers, the scenario submitted by the Region is based on this assumption and envisages a deficit of 0.7% of regional GDP. This outcome would be obtained with a 2.3% increase in non-financial revenues and a 2.2% increase in non-financial expenditure. In both cases, the most significant increases against year-end 2014 are driven by current transactions. Additionally, adjustments in public-sector accounts are expected that would bring the deficit down by an estimated €40m in national accounts terms. According to the Region, this would enable its net borrowing figure to be equal to 0.7% of regional GDP.

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The Region is deemed likely to achieve a net borrowing target equal to 0.7% of 2015 regional GDP.