



Independent Authority
for Fiscal Responsibility

Report

29th July 2015

Report on the macroeconomic forecasts in the 2016 Draft State General Budget

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 AIReF:

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Executive summary:

AIReF endorses the Spanish government's macroeconomic scenario forecasts as likely. AIReF regards the government's macroeconomic scenario as likely overall although the eventual composition of growth may be different from the forecast.

The risks stemming from the external environment are balanced. The assumptions made about interest rates are prudent and the assumptions about the growth of the international economy, oil prices and exchange rates are realistic.

The government forecasts are subject to fiscal policy implementation risks. Insufficient implementation of the stringent policy to restrict government sector consumption —affecting the Autonomous Regions (ARs) above all— represents a major risk. AIReF's view is that it will be difficult to meet the government deficit targets.

AIReF recommends publication of the methodologies, assumptions and parameters underpinning the forecasts. The Ministry of Economy has indicated its readiness to follow this recommendation and so should include these methodologies, assumptions and parameters in the Spring 2016 Stability Programme Update.