

PRESS RELEASE

15/09/2023

AIReF ENDORSES CASTILE-LA MANCHA'S MACROECONOMIC FORECASTS FOR 2024

The Independent Authority for Fiscal Responsibility (AIReF) endorses the Regional Accounts forecasts that accompany the 2024 draft budget of Castile-La Mancha, which includes GDP growth estimates in volume terms and at current prices, and employment estimates in terms of people in work for the period 2023-2026 that are different from the latest macroeconomic scenario estimates for the country as a whole.

According to the Law on the Establishment of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all General Government sub-sectors must include a report from the institution indicating whether they have been endorsed. Although the analysis and macroeconomic and fiscal consistency of the budgets of the Autonomous Regions are of significant importance, AIReF indicates that the revenue of the Autonomous Regions is fundamentally determined by the revenue of the financing system, subject to instalment payments and their final settlement. In this regard, the potential deviations from the macroeconomic outlook that underpins the regional budgets compared with the final outcome may have fewer repercussions than in other General Government sub-sectors such as the State.

Castile-La Mancha estimates growth in volume terms of 2.4% in 2024. This forecast stands with the range of estimates of other analysts and between percentiles 60 and 70 of AIReF. The GDP path of evolution proposed for the period 2025-2026 also stands between percentiles 60 and 70 of AIReF's estimates. Furthermore, the nominal growth expected for 2024 is virtually identical to that expected by AIReF.

These forecasts are made in a context of great uncertainty due to the materialisation of a number of risks identified by AIReF since the end of 2021, focused on the energy crisis, the persistence of inflation and tougher financing conditions. In addition, the latest information available on the Spanish Regional Accounts relates to 2021, which makes monitoring the regional economic situation difficult in an environment marked by the high volatility of macroeconomic estimates. AIReF's estimates do not include the potential effects on the estimates of the regular statistical revision of the national accounts drawn up by the National Statistics Institute (INE) and scheduled for 18 September. Bearing in mind these conditioning factors, AIReF endorses the forecasts presented by Castile-La Mancha for 2024.

AIReF underlines that Castile-La Mancha complies with the recommendation to submit the information on the macroeconomic forecasts and the corresponding request for endorsement prior to the publication of the draft budget. Furthermore, the Region has followed the advice on good practices to include a comparison with other independent forecasts, even though they do not always coincide with the most recent publications, and to provide detailed information on the econometric techniques, models and parameters and on the assumptions used in its macroeconomic forecasts.

Medium-term planning and RTRP

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Given the importance of medium-term planning, AIReF stresses that Castile-La Mancha should extend the forecast horizon of the macroeconomic scenario beyond the period of the annual general budget. Furthermore, the Region includes estimates on the implicit GDP deflator.

As regards the assumptions on the macroeconomic impact associated with the Recovery, Transformation and Resilience Plan (RTRP) for the period forecast, this Autonomous Region responds satisfactorily to the recommendation made by AIReF in 2022 on the need to include this information which, furthermore, should be appropriately updated when this Region has additional information in its hands to then be submitted to AIReF.