

PRESS RELEASE

16/10/2023

AIReF ENDORSES MACROECONOMIC FORECASTS FOR ARAGON FOR 2024

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

According to the Organic Law on the Creation 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 is of significant importance, AIReF indicates that the revenue of the Regions is fundamentally determined by the revenue under the Regional Financing System, subject to payments on account and their subsequent settlement. In this regard, the possible deviations from the macroeconomic outlook that underpin the regional budgets compared with what is finally observed may have less repercussion on what occurs in other areas of such public authorities such as the State.

Aragon estimates GDP growth in volume terms of 1.8% in 2024. This forecast stands in the central range of AIReF's estimates (with a central estimate of 1.5%), and within the range of forecasts made by other bodies for this Autonomous Region – although these forecasts do not include the recent revisions of the National Accounts. The nominal growth expected for 2024, the year for which the budgets are prepared, is slightly higher than AIReF's forecast, although it is feasible given the significant volatility of the deflators in recent years.

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. Furthermore, this information is not consistent with the most recent estimates for the National Accounts deriving from the latest statistical revisions performed by the National Statistics Institute (INE) for the years 2020 to 2023, published on 18 and 22 September.

AIReF underlines that Aragon complies with the recommendation to submit, prior to the publication of the draft budget, the information on the forecasts that underpin this and the corresponding request for endorsement. The Region has also followed the advice on good practices to include a comparison with other independent forecasts, and to provide information on the econometric techniques, models and parameters (even though little detail is provided), and on the assumptions that underpin its forecasts. However, it reiterates its advice on good practices regarding the need to provide employment estimates in Regional Accounting terms.

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Medium-term planning and RTRP

Given the importance of medium-term planning, AIReF stresses that it would be advisable for Aragon to extend the forecast horizon of the macroeconomic scenario beyond the period of the annual general budget.

As regards the assumptions on the macroeconomic impact associated with the Recovery, Transformation and Resilience Plan (RTRP), the Autonomous Region has not provided information on the assumptions on the expected impact in the period projected, but has notified its intention to do so shortly, thus complying with the recommendation issued by AIReF in 2022.