OPINION ON THE EUROPEAN UNION FISCAL GOVERNANCE REFORM

EU fiscal governance includes a set of **rules and institutions** created in 1992 to **prevent and correct imbalances**

30 April 2024

Last **reform** after an intense process of **negotiation** and **reflection**

Main new features

Medium- and long-term vision and differentiated treatment by country

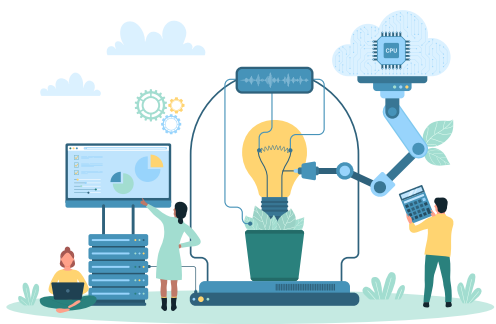
The **expenditure net of revenue measures** becomes the main variable

Incentives to **investments** and **reforms**

Commitment of each country to improve **compliance** is strengthened

IMPROVEMENTS

- **Sustainability** is explicitly place at the core of the framework
- Better **balance** between **fiscal consolidation** and **growth**
- Monitoring is **rationalized**
- **Complexity shifts** from implementation to diagnosis



CHALLENGES

Building **consensus** to give stability to plans

Adapting the **national fiscal framework** to the new reality

Distribute targets and adjustments among **all General Government**

Reconciling debt reduction with **expenditure** and **investment**

PROPOSALS

For the structural fiscal plan to achieve a real strengthening of national ownership towards the structural fiscal plan

- ·Publish the European Commission's reference **trajectory**
- Disseminate **technical analysis** for Spain
- A recommendation has already been made to include all institutions and General Government in the design

To adapt the fiscal framework to the European framework, including the distribution of rules among the General Gonvernment

- Immediately initiate a dialogue within the **General Government** to reach a consensus on the distribution of objectives
- A recommendation was already made in our latest report.

To support the practical implementation of the reform

- Addressing the reform of the fiscal framework, the financing system and extraordinary financing mechanisms in a **comprehensive and joint way**
- Making **spending and investment** needs explicit

© Independent Authority for Fiscal Responsibility www.airef.es/en