

PRESS RELEASE
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AIReF ENDORSES MACROECONOMIC FORECASTS OF GALICIA FOR 2025

The Independent Authority for Fiscal Responsibility (AIReF) endorses the forecasts accompanying the draft budget for 2025 for Galicia, which presents growth estimates of Gross Domestic Product (GDP) and its components on the supply and demand side in volume terms, as well as GDP in current terms, the implicit GDP deflator and expenditure for the period 2023-2028 that differ from the latest estimates of the Government's macroeconomic scenario for the country as a whole.

In accordance with the provisions of the Organic Law on the Creation of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all General Government (GG) authorities must include a report from the institution indicating whether they have been endorsed.

Galicia estimates GDP growth in volume terms of 2.1%, very similar to the forecast made by AIReF (2%). This forecast is within the range of forecasts made by other agencies for Galicia, although these forecasts do not yet include the recent revisions to the Spanish National Accounts. For its part, the nominal growth expected for 2025 is lower than AIReF's forecast.

It should be stressed that the macroeconomic forecasts for the Autonomous Regions (ARs) are performed in a context of high uncertainty. In addition to the risks stemming from the geopolitical environment, in the case of the ARs, there is another fundamental source of uncertainty related to the lack of essential information for drawing up the macroeconomic scenarios of these GG authorities. Specifically, the latest figures available from the Spanish Regional Accounts refer to 2022, published in December 2023. AIReF recalls that up to and including 2020, the National Statistics Institute (INE) made an initial estimate of the Spanish Regional Accounts in April of each year. As of 2021, that estimate is made in December. This means that, until December 2024, the Regional Accounts series, consistent with the Statistical Revision 2024 published on September 18th, will not be available. This lack of information hinders the preparation of macroeconomic forecasts and the budgetary planning of ARs which, in a system as decentralised as Spain's, may potentially have repercussions on compliance with national and European fiscal rules and commitments.

AIReF stresses that Galicia complies with the recommendation to submit, prior to the publication of the draft budget, the information on the macroeconomic forecasts that underpin the budget and the corresponding request for endorsement. Furthermore, Galicia complies with the best practice advice to include a comparison with other independent forecasts and to provide information on the econometric techniques, models and parameters used, as well as on the assumptions underlying its forecasts. Galicia also complies with the best practice advice to extend the horizon of the analysis.