

PRESS RELEASE  
04/10/2024

## **AIReF ENDORSES MACROECONOMIC FORECASTS OF NAVARRE FOR 2025**

The Independent Authority for Fiscal Responsibility (AIReF) endorses the forecasts accompanying the draft budget of Navarre for 2025. This region presents growth estimates in the Gross Domestic Product (GDP) in volume terms, the GDP deflator, and employment, in terms of people employed, for the period 2024-2027 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.

This Region estimates GDP growth in volume terms of 1.8%. This forecast is within the lower range of the 40<sup>th</sup> and 60<sup>th</sup> percentiles of AIReF's estimates (central forecast of 2.1%). It is below the lower end of the range of forecasts made by other agencies for the region. However, some of these revisions do not yet include the recent revisions to the Spanish National Accounts.

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 18<sup>th</sup>, 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.

### **No new recommendations**

AIReF does not include any new recommendations or advice on best practices in this report. It also highlights that Navarre 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. This region also follows the advice on best practices regarding the inclusion of a comparison with other independent forecasts and the provision of information on the econometric techniques, models and parameters and the assumptions that underpin its macroeconomic forecasts.

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Furthermore, Navarre includes macroeconomic forecasts beyond the year for which the budget is drawn up, essential for evaluating the consistency of the ARs' forecasts with the medium-term Structural-Fiscal Plan to be presented by the Government in October. It also provides information on the forecast path of the GDP deflator.