

Implementation of the [Stability and Growth Pact \(SGP\)](#)

The corrective arm of the SGP

The **corrective arm** governs the Excessive Deficit Procedure (EDP). The EDP is triggered by the deficit breaching the 3% of GDP threshold of the Treaty or the debt being above 60% of GDP and not diminishing at a sufficiently rapid pace (operationalised via the debt reduction benchmark)¹. If it is decided that the deficit is excessive, the Council issues recommendations to the Member State concerned to correct the excessive deficit and gives a time frame for doing so. Non compliance with the recommendations may trigger further steps in the procedures, including for euro area Member States the possibility of sanctions. The revised SGP allows also that deadlines for deficit corrections can be postponed, if unexpected adverse economic events with major unfavorable consequences for government finances occur after the adoption of the Council's recommendations, and if the Member State concerned has acted in accordance with the recommendations (see the column on "Minimal fiscal effort in structural terms" below).

Table: On-going Excessive Deficit Procedures (EDP)

EU MS	Reference year which triggered ongoing EDP ²	Current deadline for correction (adoption of EDP recommendation)	Minimum fiscal effort in structural terms (in % of GDP) as requested by the latest EDP recommendation ³	EC forecast - Winter 2013 ⁴ (under no policy change scenario ⁵)				
				Year	Nominal Deficit (% of GDP)	Structural budget balance ⁶ (% of GDP)	Debt (% of GDP)	Growth (change in %)
EURO AREA COUNTRIES								
BE	2009	2012 (Dec 2009)	0.75 (annual average) in 2010-12	2010	-3.8	-3.3	95.5	2.4
				2011	-3.7	-3.4	97.8	1.8
				2012	-3.0	-2.7	99.8	-0.2
				2013	-3.0	-2.2	100.8	0.2
				2014	-3.2	-2.5	101.1	1.5
IRL	2008	2015 (Dec 2010)	9.5 (cumulative) in period 2011-15	2010	-30.9	-9.2	92.2	-0.8
				2011	-13.4	-7.7	106.4	1.4
				2012	-7.7	-7.4	117.2	0.7
				2013	-7.3	-6.6	122.2	1.1
				2014	-4.2	-4.6	120.1	2.2
EL	2007	2016 (Dec. 2012)	10 (cumulative) in 2009-14	2010	-10.7	-8.1	148.3	-4.9
				2011	-9.4	-4.7	170.6	-7.1
				2012	-6.6	-0.5	161.6	-6.4

¹For Member States that were subject to an EDP on 8 November 2011, the debt reduction benchmark is applied after a transition period.

²The year for which a deficit in excess of 3% of GDP was notified by the national authorities, or the year for which the national authorities notified a planned budget deficit in excess of 3%.

³See EDP recommendation (column 3 of this table) or recitals of 2012 Council Recommendations published here: http://ec.europa.eu/economy_finance/economic_governance/sgp/convergence/programmes/2012_en.htm

⁴See [European Commission Winter 2013 forecast publication](#) (annex), tables 1 (growth), 36 (deficit) and 42 (debt).

⁵See [European Commission Winter 2013 forecast publication](#), Box I.3 (page 29) "Some technical elements behind the forecast".

⁶See [European Commission Winter 2013 forecast publication \(annex\)](#), table 41 (structural budget balance). The concept of structural balance is explained at: http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/code_of_conduct_en.pdf

				2013	-4.6	1.8	175.6	-4.4
				2014	-3.5	1.5	175.2	0.6
ES	2008	2014 (Jul 2012)	2.7 in 2012 2.5 in 2013 1.9 in 2014	2010	-9.7	-7.4	61.5	-0.3
				2011	-9.4	-7.3	69.3	0.4
				2012	-10.2	-5.9	88.4	-1.4
				2013	-6.7	-4.7	95.8	-1.4
				2014	-7.2	-5.5	101.0	0.8
FR	2008	2013 (Dec 2009)	1 (annual average) in 2010-12	2010	-7.1	-5.8	82.3	1.7
				2011	-5.2	-4.5	86.0	1.7
				2012	-4.6	-3.3	90.3	0.0
				2013	-3.7	-2.0	93.4	0.1
				2014	-3.9	-2.2	95.0	1.2
IT	2009	2012 (Dec 2009)	0.5 (annual average) in 2010-12	2010	-4.5	-3.6	119.2	1.8
				2011	-3.9	-3.7	120.7	0.4
				2012	-2.9	-1.4	127.1	-2.2
				2013	-2.1	-0.1	128.1	-1.0
				2014	-2.1	-0.5	127.1	0.8
CY	2009	2012 (Jul 2010)	1.5 (annual average) in 2011-12	2010	-5.3	-5.5	61.3	1.3
				2011	-6.3	-6.2	71.1	0.5
				2012	-5.5	-5.7	86.5	-2.3
				2013	-4.5	-3.9	93.1	-3.5
				2014	-3.8	-2.5	97.0	-1.3
NL	2009	2013 (Dec 2009)	0.75 (annual average) in 2011-13	2010	-5.1	-4.0	63.1	1.6
				2011	-4.5	-3.6	65.5	1.0
				2012	-4.1	-2.5	70.8	-0.9
				2013	-3.6	-1.6	73.8	-0.6
				2014	-3.6	-2.1	75.0	1.1
AT	2009	2013 (Dec 2009)	0.75 (annual average) in 2011-13	2010	-4.5	-3.3	72.0	2.1
				2011	-2.5	-2.3	72.4	2.7
				2012	-3.0	-2.5	74.3	0.7
				2013	-2.5	-1.9	75.2	0.7
				2014	-1.8	-1.6	74.5	1.9
PT	2009	2014 (Dec 2012)	2.3 in 2012 1.6 in 2013 1.3 in 2014	2010	-9.8	-8.7	93.5	1.9
				2011	-4.4	-6.5	108.0	-1.6
				2012	-5.0	-4.4	120.6	-3.2
				2013	-4.9	-3.1	123.9	-1.9
				2014	-2.9	-1.5	124.7	0.8
SI	2009	2013 (Dec 2009)	0.75 (annual average) in 2010-13	2010	-5.7	-4.4	38.6	1.2
				2011	-6.4	-4.5	46.9	0.6
				2012	-4.4	-3.1	53.7	-2.0
				2013	-5.1	-2.3	59.5	-2.0
				2014	-4.7	-3.1	63.4	0.7
SK	2009 (Dec 2009)	2013 (Dec 2009)	1 (annual average) in 2010-13	2010	-7.7	-7.5	41.0	4.4
				2011	-4.9	-5.5	43.3	3.2
				2012	-4.8	-5.0	52.4	2.0
				2013	-3.3	-3.3	55.1	1.1
				2014	-3.4	-2.8	57.1	2.9

EU MS	Reference year which triggered ongoing EDP ²	Current deadline for correcting the excessive deficit (date of adoption of corresponding EDP recommendation)	Minimum fiscal effort in structural terms (in % of GDP) as re-quested by latest Council EDP recommendation ³	EC forecast - Winter 2013 ⁴ (under no policy change scenario ⁵)				
				Year	Nominal Deficit (% of GDP)	Structural budget balance ⁷ (% of GDP)	Debt (% of GDP)	Growth (change in %)
NON EURO AREA COUNTRIES								
CZ	2009	2013 (Dec 2009)	1 (annual average) in 2011-13	2010	-4.8	-4.8	37.8	2.5
				2011	-3.3	-3.1	40.8	1.9
				2012	-5.2	-2.4	45.5	-1.1
				2013	-3.1	-2.2	48.0	0.0
				2014	-3.0	-2.1	49.5	1.9
DK	2009	2013 (Jul 2010)	0.5 (annual average) in 2011-13	2010	-2.5	-0.2	42.7	1.6
				2011	-1.8	0.3	46.4	1.1
				2012	-4.0	0.3	45.6	-0.4
				2013	-2.7	-0.3	45.9	1.1
				2014	-2.8	-0.5	47.3	1.7
LV	2008	2012 (Jul 2009)	2.75 (annual average) in 2010-12	2010	-8.1	-2.9	44.5	-0.9
				2011	-3.4	-1.4	42.2	5.5
				2012	-1.5	-0.5	41.9	5.3
				2013	-1.1	-1.0	44.4	3.8
				2014	-0.9	-1.1	41.5	4.1
LT	2008	2012 (July 2009)	2.25 (annual average) in 2010-12	2010	-7.2	-4.6	37.9	1.5
				2011	-5.5	-4.6	38.5	5.9
				2012	-3.2	-2.7	41.1	3.6
				2013	-2.9	-2.2	40.5	3.1
				2014	-2.4	-2.2	40.3	3.6
HU	2003	2012 (Mar 2012)	2.4 in 2012	2010	-4.4	-3.4	81.8	1.3
				2011	4.3	-4.3	81.4	1.6
				2012	-2.4	-1.7	78.6	-1.7
				2013	-3.4	-2.0	78.7	-0.1
				2014	-3.4	-2.6	77.7	1.3
PL	2008	2012 (Jul 2009)	1.25 (annual average) in 2010-12	2010	-7.9	-8.3	54.8	3.9
				2011	-5.0	-5.2	56.4	4.3
				2012	-3.5	-3.0	55.8	2.0
				2013	-3.4	-2.2	57.0	1.2
				2014	-3.3	-1.7	57.5	2.2
RO	2012	2012 (Feb 2010)	1.75 (annual average) in 2010-12	2010	-6.8	-6.1	30.5	-1.1
				2011	-5.7	-4.0	34.7	2.2
				2012	-2.9	-2.2	38.0	0.2
				2013	-2.4	-0.9	38.1	1.6
				2014	-2.2	-0.6	38.0	2.5
UK	2008/09	2014/15 (Dec 2009)	1.75 (annual average) in 2010/11 and 2013/14	2010	-10.2	-8.7	79.4	1.8
				2011	-7.8	-6.5	85.2	0.9
				2012	-6.3	-6.5	89.8	0.0
				2013	-7.4	-6.0	95.4	0.9
				2014	-6.0	-4.9	97.9	1.9

⁷See [European Commission Winter 2013 forecast publication \(annex\)](#), table 41 (structural budget balance). The concept of structural balance is explained at: http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/code_of_conduct_en.pdf

The preventive arm of the SGP

EU Member States that are currently not subject to the EDP have to fulfil the provisions of the **preventive arm** of the SGP: the stability or convergence programmes submitted to the Commission and the Council include a country-specific Medium-Term Objective (MTO) representing a budgetary position (in structural terms) that safeguards against the risk of breaching the 3% of GDP threshold over the economic cycle and ensuring fiscal sustainability over the medium and long-term. The current rules of the SGP include an "expenditure benchmark" for judging progress towards the MTO, to complement the assessment based on the structural balance.⁸ The Country Specific Recommendations (CSR) as adopted by the Council for each Member State include a recommendation for reaching the MTO, except for Member States under financial assistance programmes (given that these countries focus on implementing the respective Memorandum of Understanding).

Table: Medium-Term Objectives (MTOs) for Member States not subject to an EDP

Member State	MTOs in 2012 Stability and Convergence Programmes ⁹		2012 CSR relating to the preventive arm of the SGP	EC forecast - Winter 2013 ² (under no policy change scenario ³)			
	Level of MTO (% of GDP)	Projected year of MTO achievement		Year	Structural budget balance ¹⁰ (% of GDP)	Debt (% of GDP)	Growth (change in %)
EURO AREA COUNTRIES							
Germany	-0.5	2012	CSR 1	2012	0.4	81.6	0.7
				2013	0.4	80.7	0.5
				2014	0.3	78.3	2.0
Estonia	0	2013	CSR 1	2012	0.1	10.5	3.2
				2013	-0.3	11.8	3.0
				2014	0.2	11.3	4.0
Luxembourg	0.5	beyond 2015	CSR 1	2012	-0.7	20.5	0.2
				2013	0.1	22.2	0.5
				2014	-0.7	24.1	1.6
Malta	0	2016	CSR 1	2012	-3.2	73.1	1.0
				2013	-2.9	73.8	1.5
				2014	-2.5	73.6	2.0
Finland	0.5	beyond 2015	CSR 1	2012	-0.7	53.4	-0.1
				2013	-0.3	56.4	0.3
				2014	-0.4	57.6	1.2
Bulgaria	-0.5	2012	CSR 1	2012	-0.3	18.9	0.8
				2013	-0.5	17.1	1.4
				2014	-0.3	17.3	2.0
Sweden	-1	was at its MTO	CSR 1	2012	0.4	37.7	1.0
				2013	0.1	37.3	1.3
				2014	0.3	35.5	2.7

⁸The concepts of expenditure benchmarks and structural balances are explained here:

http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/code_of_conduct_en.pdf

⁹See [SCPs submitted to the European Commission](#).

¹⁰See [European Commission Winter 2013 forecast publication \(annex\)](#), table 41 (structural budget balance).