

Press release – June 10, 2024

The National Council of Public Finances (CNFP) has published its assessment of the Stability and Growth Programme for the period 2024 to 2027 (2024 SGP). The CNFP has not prepared and published an assessment of public finances in its usual form, as the 2024 SGP forecasts and the period covered by the forecasts are identical to those presented in the draft budget for 2024 (2024 DB) and the draft multi-annual financial programming law for the period 2023 to 2027 (2024-2027 PLPFP), submitted on 6 March 2024 by the Minister of Finance to the Chamber of Deputies, and for which the CNFP's assessment was published on 27 March 2024.

The CNFP notes that the Government's approach of including the macroeconomic and budgetary forecasts of the 2024DB and the 2024-2027 PLPFP in the 2024 SGP is guided by the concern to maintain consistency between the communication of the 2024 SGP to the European Union on 26 April 2024 and the vote of the 2023-2027 LPFP on the 25 April 2024. However, Article 4 of the COUNCIL DIRECTIVE (EU) 2011/85/EU on requirements for budgetary frameworks states that *'Member States shall ensure that fiscal planning is based on realistic macroeconomic and budgetary forecasts using the most up-to-date information'*. In this context, the CNFP refers to the update by STATEC of the national accounts' figures included in the EDP notification published by EUROSTAT in mid-April. For 2023, STATEC has revised down the real growth rate from -1.0% to -1.1%, and the nominal growth rate from 4.0% to 2.3%. For the same year, the nominal general government budget balance is estimated at -933 million (or -1.3% of GDP) in the EDP notification, compared to -566 million (or -0.7% of GDP) in the 2024 SGP (and the 2023-2027 LPFP), corresponding to a difference (loss) of 427 million euros. On the other hand, the macroeconomic and budgetary figures for 2024 have not been changed in the EDP notification.

Finally, the CNFP also notes that the European Commission (EC) has published its 'Spring Economic Forecast' on the 15 May 2024. For the years 2024 and 2025, the EC forecasts for real growth (+1.4% and +2.3% respectively) and for the nominal balance (-1.7% of GDP and -1.9% of GDP respectively) in Luxembourg are more prudent than those presented by the Government in the 2024 SGP and the 2023-2027 LPFP (real growth of +2.0% in 2024 and +3.0% in 2025 and nominal balance of -1.2% of GDP for both years).