

Speech by the President of the Fiscal Council at the 8th emergency session of the Committee on Finance, 21 October 2026

The Fiscal Council has not yet completed its formal assessment of the proposed budget documents for 2027 and 2028. We will present our final assessment of the budget documents in accordance with our statutory responsibilities and deadlines. As we are still preparing the assessment, I will confine my remarks today to a few preliminary findings based on the information currently available.

I will first say a few words about the process of preparing the assessment.

The Fiscal Council received the budget documents for 2027 and 2028 from the Government on 5 October, rather than 1 October as required by law. Our assessment of the consistency of budget documents with medium-term fiscal sustainability is based on data covering the entire general government sector, which the Ministry of Finance provided to us on 15 October. We are required to prepare our assessment within ten days of receiving these data. Accordingly, the deadline for completing our assessment is 25 October 2026.

Based on our review of the budget documents to date, I can summarise the following findings.

First. The budget documents envisage fiscal consolidation in 2027 and 2028. Our assessments are based, among other things, on the Draft Budgetary Plan for 2027, which the Government prepared as part of the European Semester. The projections in the Draft Budgetary Plan indicate a planned reduction in the general government deficit from 2.9% of GDP in 2026 to 2.5% of GDP in 2027 and further to 2.3% of GDP in 2028. However, the accompanying projections under the no-policy-change scenario, which are available only up to 2027, indicate the opposite trend. Under this scenario, the deficit is projected to increase to 3.4% of GDP in 2027. The difference between the two scenarios, with and without measures, amounts to just under 1% of GDP. This would represent the planned scale of consolidation in 2027 alone.

Second. Consolidation on this scale would also have a negative effect on the tax bases underlying the general government revenue projections. This feedback effect is not taken into account in the budget documents. In accordance with legislation, the autumn forecast of the Institute of Macroeconomic Analysis and Development is presented as the basis for the fiscal projections. However, this forecast does not take into account the effects of consolidation measures on macroeconomic developments. Consequently, the projected reduction in deficits is likely to be overestimated, as only the static effects of the measures have been taken into account.

Third. In preparing its fiscal projections, the Fiscal Council follows statutory requirements and the practices of international institutions. For this reason, we include in our projections only those measures that are presented in sufficient detail to allow an independent assessment of their effects. Accordingly, our aim is to establish the potential actual effects of the measures that would enable the extensive consolidation outlined above from the submitted budget documents.

Fiscal consolidation must be based on publicly announced measures whose effects have been credibly assessed. It is therefore only achieved once measures that actually reduce deficits have been adopted and implemented.

We will provide further details of all these findings, together with our assessment of whether the budget documents are consistent with the commitments set out in the medium-term fiscal-structural plan, based on the Fiscal Council's projections, in our assessment of the budget documents. In accordance with the statutory deadline, we will publish the assessment on Monday, 26 October.