

October 2021

Secretariat of the Council for Budget Responsibility



Gov't forecast
October 2021

-7718 Eur mil.
-7,9 % of GDP



SoCBR forecast

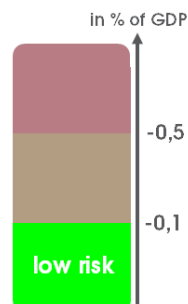
-6570 Eur mil.
-6,7 % of GDP



Deviation

+1148 Eur mil.
+1,1 % of GDP

+1,1



expected deviation of the GG balance from the government forecast under assumption that the government does not take additional measures

Secretariat of the Council for Budget Responsibility (SoCBR) estimates General Government Budget (GGB) deficit on the level of EUR 6,6 bn.

- **SoCBR has significantly reduced the estimate of the GGB deficit in 2021**, the change compared to the September forecast is about EUR 303 mil. **The deficit improvement is due to slower spending in the state budget and in the healthcare sector.** Under assumption that the government does not take additional measures, the GGB deficit can reach the level of EUR 6.570 bn. (7.7 % of GDP).
- **The deviation of the expected GGB deficit from the current government estimate is positive in the amount of EUR 1.148 bn. (1.1% of GDP), which means that the risk of a deficit rising above the level expected by the government is low.** However, the evolution of public finances is still affected by high uncertainty due to the ongoing pandemic and its implications for macroeconomic development.
- **Due to the approval of the amendment to the State Budget Act, the deficit target from the original budget of 7.4% of GDP is not relevant.** For this reason, **CBR does not evaluate the deviation of the expected deficit from the original budget (starting from the June forecast).** The current government estimate published in the GG draft budget for years 2022-2024 forecasts the deficit of 7.9% of GDP.
- **Compared to government expectations, we estimate the most significant positive impact on the general government balance in state budget expenditures.** Saving of EUR 710 mil. (0.7% of GDP) is mainly due to a slower absorption of capital expenditures, as the low growth rate observed during the first nine months does not correspond to the high level of year-end expenditures projected by the government.
- **Pandemic government measures in the current forecast amount to a total of EUR 2.982 bn. (3.1% of GDP).** In comparison to the government's estimate, the budgetary impact is lower by EUR 195 mil. (0.2% of GDP).