

## *Council of Ministers*

The Council of Ministers approved, for their submission to Parliament, the budget stability and public debt targets for the period 2017-2019 and the limit on non-financial spending under the State budget for the year 2017

*Moncloa Palace, Madrid, Friday 2 December 2016*

The Minister for the Treasury and Public Function, Cristóbal Montoro, explained the stability targets for 2017-2019, with a new path for the reduction of the public deficit and ceiling on non-financial State spending for 2017. Cristóbal Montoro stressed that the two issues have been submitted to Parliament but that it will only vote on the stability targets and not the ceiling on spending, which is the first step in the budget cycle.

Firstly, the targets for 2016 have been updated, an issue tackled during the week by the National Commission on Local Administration and the Fiscal and Financial Policy Council. This year will close with a public deficit of 4.6% of GDP; the part corresponding to the regional governments will rise by 0.4%.

The target set for next year stands at 3.1%, which will require "a major effort in terms of reduction" for the public authorities as a whole and, in particular, by Central Government, pointed out Cristóbal Montoro. The Minister for the Treasury added that the current scenario of growth "facilitates things a great deal, although it also obliges us to take certain decisions". The public authorities will have a deficit of 2.2% in 2018, "a qualitative leap of great significance", according to the minister, since Spain will thus fall outside of the procedure opened by the European Commission due to its excessive deficit. Finally, by 2019, the public deficit will stand at 1.3%.

In terms of public debt, this year will close at 99.4% of GDP and start to significantly fall by 2018, thanks to the deficit correction and to economic growth, and thus start to pull away from the benchmark of 100% of GDP.

The government proposes a limit on non-financial State spending for next year of 118.34 billion euros, the same amount as it expects to spend in 2016 after the government saves some 5 billion euros of the initial amount budgeted, "without reducing any social spending programme", underlined Cristóbal Montoro.

<http://www.minhfp.gob.es/Documentacion/Publico/GabineteMinistro/Notas%20Prensa/2016/CONSEJO%20E%20MINISTROS/02-12%2016%20NP%20techo%20gasto%202017.pdf>