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COMMISSION OF THE EUROPEAN COMMUNITIES

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Recommendation for a

COUNCIL OPINION

in accordance with the third paragraph of Art. 5 of Council Regulation (EC) No 1466/97 of 7 July 1997

On the updated stability programme of Portugal, 2007-2011

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. GENERAL BACKGROUND

The Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth conducive to employment creation. The 2005 reform of the Pact acknowledged its usefulness in anchoring fiscal discipline but sought to strengthen its effectiveness and economic underpinnings as well as to safeguard the sustainability of the public finances in the long run.

Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[1], which is part of the Stability and Growth Pact, stipulates that each Member State has to submit, to the Council and the Commission, a stability or convergence programme and annual updates thereof. Member States that have already adopted the single currency submit (updated) stability programmes and Member States that have not yet adopted it submit (updated) convergence programmes. The first stability programme of Portugal was submitted in December 1998. In accordance with the Regulation, the Council delivered an opinion on it on 8 February 1999 on the basis of a recommendation from the Commission and after having consulted the Economic and Financial Committee. As regards updated stability and convergence programmes, the regulation foresees that these are assessed by the Commission and examined by the Committee and if necessary and following the same procedure as set out above, the updated programmes may be examined by the Council.

2. BACKGROUND FOR THE ASSESSMENT OF THE UPDATED PROGRAMME

The Commission has examined the most recent update of the stability programme of Portugal, submitted on 14 December 2007, and is recommending a Council opinion on it (see box for the main points covered by the assessment).

In order to set the scene against which the budgetary strategy in the updated stability programme is assessed, the following paragraphs summarise:

(1) the country's position under the corrective arm of the Stability and Growth Pact (excessive deficit procedure)

(2) the most recent assessment of the country's position under the preventive arm of the Stability and Growth Pact (summary of the Council opinion on the previous update of the stability programme)

(3) the orientations for budgetary policies adopted by the April 2007 Eurogroup

(4) the March 2007 update of the country-specific broad economic policy guidelines in the area of budgetary policies

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[1] OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, p. 1). The documents referred to in this text are available at: http://ec.europa.eu/economy_finance/about/activities/sgp/main_en.htm.

(5) the Commission's assessment of the October 2007 implementation report of the national reform programme.

2.1. The excessive deficit procedure for Portugal

On 20 September 2005 the Council adopted a decision stating that Portugal had an excessive deficit in accordance with Article 104(6). At the same time, the Council addressed a recommendation under Article 104(7) specifying that the excessive deficit had to be corrected by 2008 at the latest. In particular, Portugal was recommended to reduce the general government deficit by taking action in a medium-term framework. Specifically, Portugal was recommended to limit the deterioration of the fiscal position in 2005 and to ensure a correction of the structural deficit of some 1.5% of GDP in 2006, followed by a further decrease of, at least, ¾% of GDP in both 2007 and 2008. At the same time, Portugal was invited to rapidly contain and reduce expenditure and to stand ready to adopt the additional measures which may be necessary to achieve the correction of the excessive deficit by 2008. In addition, the Portuguese authorities were recommended to ensure that the government gross debt ratio is brought onto a downward path. In June 2006, after the expiry of the 6-months deadline established by the Council for the Portuguese government to take effective action in order to achieve the 2006 deficit target, the Commission carried out an assessment of the efforts made by the Portuguese authorities. The conclusions of the Commission communication adopted on 22 June 2006 were that Portugal had taken action representing adequate progress towards the correction of the excessive deficit within the time limits set by the Council and that no further steps in the excessive deficit procedure of Portugal were necessary. In its meeting of 11 July 2006, the Council concurred with the assessment in the Commission communication of June 2006.

2.2. The assessment in the Council opinion on the previous update

In its opinion of 21 February 2007, the Council summarised its assessment of the previous update of the stability programme, covering the period 2006-2010, as follows. The Council was of the opinion that "the programme is broadly consistent with a correction of the excessive deficit by 2008, conditional on a full and effective implementation of the measures announced therein and on the reinforcement of such measures in case of lower-than-projected economic growth. After the correction of the excessive deficit, the programme envisages adequate progress towards the medium-term objective, but there are risks to the achievement of the budgetary targets." The Council invited Portugal to

"(i) implement with rigour the structural measures envisaged in the programme so as to correct the excessive deficit by 2008 and stand ready to reinforce these measures to deal with the budgetary impact of possible lower-than-projected economic growth;

(ii) once the excessive deficit has been corrected, carry out the envisaged adjustment towards the MTO, backing it up with reinforced measures if necessary; and ensure that the debt-to-GDP ratio is reduced accordingly;

(iii) pursue the ongoing reform of public administration; continue strengthening the budgetary framework, including the assessment and control of budgetary execution at all levels of the general government, notably in order to attain the planned expenditure containment;

(iv) in view of the level of debt and the projected increase in age-related expenditure, improve the long-term sustainability of public finances by achieving the MTO and by securing and possibly enhancing the benefits of the adopted pension reforms."

2.3. Orientations for budgetary policies adopted by the Eurogroup in April 2007

On 20 April 2007, with a view to improving the coordination of fiscal policies in the euro area, Eurogroup ministers discussed national budgetary developments in 2007 and the preliminary policy outlook for 2008 and their implications for the euro area.

Reaffirming their adherence to the sound fiscal policy principles of the revised Stability and Growth Pact and to national fiscal rules, Ministers committed to (i) build on the better-than-expected budgetary outcomes in 2006 to pursue more ambitious budgetary targets than those set in the end-2006 updates of the stability programmes; (ii) implement their 2007 budgets as planned, avoiding expenditure overruns, and using unexpected extra revenues to reduce government deficit and debt; and (iii) carefully design fiscal policy plans for 2008 so as to accelerate the adjustment towards the MTO for Member States which have not reached it and for those which have reached it to avoid feeding macroeconomic imbalances overall[2].

2.4. March 2007 update of the country-specific broad economic policy guidelines in the area of budgetary policies

On 27 March 2007, the Council adopted a recommendation on the 2007 update of the broad guidelines for the economic policies of the Member States and the Community and on the implementation of Member States' employment policies[3]. In the area of budgetary policies, Portugal was recommended to "in the context of the on-going correction of fiscal imbalances and public administration reform, redirect public spending towards uses more supportive to potential growth, while maintaining firm control over public expenditure overall." In addition, all euro area Member States were recommended to “make use of the favourable cyclical conditions to aim at or pursue ambitious budgetary consolidation towards their medium-term objectives in line with the Stability and Growth Pact, hence striving to achieve an annual structural adjustment of at least 0.5 % of GDP as a benchmark” and “to improve the quality of public finance by reviewing public expenditures and taxation, with the intention to enhance productivity and innovation, thereby contributing to economic growth and fiscal sustainability”.

2.5. The Commission assessment of the October 2007 implementation report of the national reform programme

On 11 December 2007, the Commission adopted its Strategic Report on the renewed Lisbon strategy for growth and jobs, which includes an assessment of the October 2007 implementation report of Portugal's national reform programme.[4]

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2 The entire statement can be found at: www.gouvernement.lu/salle_presse/actualite/2007/04/20pm_krecke_berlin/MTBR_EG_conclusions-finalCLEAN.rtf

3 OJ L 92, 3.4.2007, p. 23.

4 Communication from the Commission to the European Council, "Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010)", 11.12. 2007, COM(2007)803.

Portugal's national reform programme identifies as key priorities: consolidating public finances, whilst improving its sustainability; improving the efficiency of the educational system; and modernising employment protection to curb the segmentation of the labour market.

The Commission's assessment was that Portugal has made good progress in implementing its national reform programme over the 2005-2007 period.

Against the background of strengths and weaknesses identified and the evidence on progress made, the Commission recommended that Portugal was recommended to give the highest priority to the challenges in the areas of: fiscal consolidation and quality and sustainability of public finances; efficiency of the educational system; and, modernisation of employment protection and reduction of labour market segmentation.

In addition, Portugal should also focus on the areas of: the current account deficit; the linkages between research, higher education, industry and the private sector; effective competition, notably in energy and financial services markets; better regulation; transposition of EU legislation into national law; green house gas emissions; and social cohesion.

Box: Main points covered by the assessment

As required by Article 5(1) (for stability programmes) and Article 9(1) (for convergence programmes) of Council Regulation (EC) No 1466/97, the assessment covers the following points:

- whether the economic assumptions on which the programme is based are plausible;
- the medium-term budgetary objective (MTO) presented by the Member State and whether the adjustment path towards it is appropriate;
- whether measures being taken and/or proposed to respect that adjustment path are sufficient to achieve the MTO over the cycle;
- when assessing the adjustment path towards the MTO, whether a higher adjustment effort is made in economic good times, whereas the effort may be more limited in economic bad times, and, for euro-area and ERM II Member States, whether the Member State pursues an annual improvement of the cyclically-adjusted balance, net of one-off and other temporary measures, of 0.5% of GDP as a benchmark to meet its MTO;
- when defining the adjustment path to the MTO (for Member States that have not yet reached it) or allowing a temporary deviation from the MTO (for Member States that have), the implementation of major structural reforms which have direct long-term cost-saving effects (including by raising potential growth) and therefore a verifiable impact on the long-term sustainability of public finances (subject to the condition that an appropriate safety margin with respect to the 3% of GDP reference value is preserved and that the budgetary position is expected to return to the MTO within the programme period), with special attention for pension reforms introducing a multi-pillar system that includes a mandatory, fully-funded pillar;
- whether the economic policies of the Member State are consistent with the broad economic policy guidelines.

The plausibility of the programme's macroeconomic assumptions is assessed by reference to the Commission services' autumn 2007 forecast, using also the commonly agreed methodology for the estimation of potential output and cyclically-adjusted balances.

The assessment also examines:

- the evolution of the debt ratio and the outlook for the long-term sustainability of the public finances, which should be given "sufficient attention in the surveillance of budgetary positions" according to the Council report of 20 March 2005 on "Improving the implementation of the Stability and Growth Pact". A Commission Communication of 12 October 2006 sets out the approach to the assessment of long-term sustainability[5];
- the degree of consistency with the national reform programme, submitted by Member States in the context of the Lisbon strategy for growth and jobs, and its October 2007 implementation report. In its cover note of 7 June 2005 to the European Council on the broad economic policy guidelines for the period 2005-2008, the ECOFIN Council stated that the national reform programmes should be consistent with the stability and convergence programmes;
- compliance with the code of conduct[6], which inter alia prescribes a common structure and set of data tables for the stability and convergence programmes.

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5 Communication from the Commission to the Council and the European Parliament, "The long-term sustainability of public finances in the EU", 12.10.2006, COM (2006) 574 final and European Commission, Directorate-General for Economic and Financial Affairs (2006), "The long-term sustainability of public finances in the European Union", European Economy No 4/2006.

6 "Specifications on the implementation of the Stability and Growth Pact and guidelines on the format and content of stability and convergence programmes", endorsed by the ECOFIN Council of 11 October 2005.

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On the updated stability programme of Portugal, 2007-2011

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[7], and in particular Article 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On [4 March 2008] the Council examined the updated stability programme of Portugal, which covers the period 2007 to 2011.

(2) From a phase of high economic growth in the second half of the nineties, the Portuguese economy moved to a situation of sluggish GDP growth after 2000, accompanied by rising unemployment, which all added to budgetary fragilities. This marked change in economic performance was rooted in the accumulation of large external and budgetary deficits, with pro-cyclical fiscal policies compounding the imbalances of the private sector and feeding uncertainty. At the beginning of this decade, private domestic demand moderated considerably reflecting the adjustment of spending to levels more in line with income patterns. At the same time, public primary expenditure had to slow down from previous unsustainable trends, while the competitive position has remained vulnerable reflecting a lasting misalignment between wages and productivity growth. Whereas recent economic growth has been led by the external sector, accompanied by considerable restructuring in some industries in the face of increased external competition, weaknesses of a more structural nature stand in the way of a lasting improvement in economic performance. In particular, overall productivity is low, mainly due to relatively low levels of human

[7] OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, p. 1). The documents referred to in this text can be found at the following website: http://ec.europa.eu/economy_finance/about/activities/sgp/main_en.htm.

capital, and the efficiency and effectiveness of the public sector needs particular attention. In recent years, significant progress has been achieved to overcome this situation, in particular in containing public finances imbalances. In all, continuing fiscal consolidation, improving the quality of public finances, and proceeding with structural reforms with a view to improving potential GDP growth remain major challenges to put back the Portuguese economy on a sustainable and dynamic catching-up path.

(3) The macroeconomic scenario underlying the programme envisages a continuation of the upswing in economic activity, with real GDP growth picking up from 1.8% in 2007 to 2.2% in 2008 and further to 2.8% in 2009 and 3% in 2010 and 2011. Assessed against currently available information[8], this economic outlook appears to be based on favourable growth assumptions, especially for the outer years. In particular, growth rates for private demand components seem to be on the high side, especially for investment. The programme expects the labour market to improve gradually over the programme period, but the employment outlook appears optimistic. The projections for consumer inflation may be on the low side in the light of the recent surge in food and oil prices in world markets. The economy's competitiveness position is expected to improve in the coming years, with unit labour costs growing more slowly than in most of its trading partners. The programme envisages a marked decline of the sizable external deficit, from 8.8% of GDP in 2006 and an estimated 7% of GDP in 2007 to 4.7% of GDP in 2011. Assessed against current information, however, the underlying improvement of the deficit in the balance of current transfers and primary income projected in the update might be difficult to achieve.

(4) For 2007, the general government deficit is estimated at 3% of GDP in the updated programme and in the Commission services’ autumn 2007 forecasts, against a target of 3.7% of GDP set in the previous update of the stability programme. More recent and preliminary data on budgetary execution suggest that the 2007 deficit outturn is likely to be lower than 3% of GDP. This development is in line with the invitation in the Council opinion of 27 February 2007 on the previous update to implement measures so as to correct the excessive deficit by 2008.[9] It is also in line with the April 2007 Eurogroup orientations for budgetary policies as the better-than-expected outcome in 2006 was used to pursue a more ambitious target in 2007.

(5) The update of the stability programme aims at further fiscal consolidation over the medium term, notably to achieve the medium-term objective (MTO) of a structural deficit, i.e., cyclically-adjusted deficit net of one-off and other temporary measures, of 0.5% of GDP by 2010. The headline general government deficit is targeted to decline gradually from 3% of GDP in 2007 to 2.4% of GDP in 2008, 1.5% in 2009, 0.4% in 2010 and eventually 0.2% of GDP in 2011. The path for the primary balance is similar, improving from a slight deficit to a surplus of 2.5% of GDP in 2011. The structural deficit calculated according to the commonly agreed methodology is projected to narrow by around 0.5 percentage point of GDP per year on average until 2010 and to broadly stabilise at around 0.5% of GDP in 2011. The planned fiscal consolidation is to be achieved by continued expenditure moderation thanks to

[8] The assessment takes notably into account the Commission services' autumn forecasts and the Commission assessment of the October 2007 implementation report of the national reform programme.
[9] OJ C 71, 28.3.2007, p. 5.

corrective measures to contain the cost of public employment (in the broader context of public administration reform) and to a lesser extent social transfers. A rise in the revenue ratio is expected to also contribute to fiscal consolidation. Building on the better-than-budgeted deficit outturns in 2006 and 2007, the programme largely confirms the planned structural adjustment path outlined in the December 2006 update of the stability programme against a little changed macroeconomic scenario. Government gross debt, estimated at 64.4% of GDP in 2007, is projected to accelerate its decline, which would amount to almost 8 percentage points of GDP over the period, falling below the 60% of GDP Treaty reference value in 2010.

(6) The budgetary outcomes could overall be worse than projected in the programme update. In particular, as noted above, the macroeconomic scenario appears to be based on favourable GDP growth assumptions, especially for the outer years. Also, the expenditure savings that can be generated over the medium term from recently implemented measures are still subject to some degree of uncertainty. However, some of these risks could be partially offset if the better-than-estimated outcome for 2007 is confirmed, which would create a benign base effect for 2008. In view of the negative risks to the budgetary targets, the evolution of the debt ratio could also be less favourable than projected in the programme.

(7) In view of this risk assessment, the budgetary stance in the programme seems consistent with a durable correction of the excessive deficit by no later than 2008 as recommended by the Council. Following the reductions in 2006 and 2007, the update targets a reduction of the structural deficit of 0.5 percentage point of GDP in 2008, which is in line with the April 2007 Eurogroup orientations for budgetary policies, but lower than in the previous update. According to the programme, a sufficient safety margin against breaching the 3% of GDP deficit threshold with normal macroeconomic fluctuations would be reached in 2009. However, in view of the risks to the budgetary targets, it might not be provided before 2010. In addition, the budgetary stance in the programme may not be sufficient to ensure that the MTO is achieved by 2010, as envisaged in the programme. Although the planned pace of consolidation towards the MTO is in line with the Stability and Growth Pact, the adjustment may require additional efforts in view of the risks mentioned above. Finally, taking into account the risks to the debt projections highlight before, the debt ratio may be sufficiently diminishing towards the reference value at the end of the programme period.

(8) The reforms of old-age pension schemes adopted by Portugal in 2006 and 2007 contribute markedly to containing the increase in age-related expenditure and allow an improvement in the rating of risks to the sustainability of public finances from high to medium risk, bringing the long-term budgetary impact of ageing in Portugal close to the EU average. However, the current level of gross debt is above the Treaty reference value. At the same time, the budgetary position in 2007 as estimated in the programme, albeit clearly improved compared with the starting position in the previous update, still constitutes a risk to sustainable public finances even before the long-term budgetary impact of an ageing population is considered. Further budgetary consolidation, as planned in the programme, would contribute to reducing risks to the sustainability of public finances.

(9) The stability programme is fully consistent with the October 2007 implementation report of the national reform programme. In particular, the medium-term fiscal

consolidation plans have been included in the national reform programme, which considered budgetary consolidation, together with improving sustainability of public finances, as a key priority. In parallel, the stability programme elaborates on progress achieved in implementing some of the national reform programme measures and on their impact on public finances and the broader economic outlook. Indeed, the two programmes provide complementary and consistent information on common policy measures.

(10) The budgetary strategy in the programme is broadly consistent with the country-specific broad economic policy guidelines included in the integrated guidelines and the guidelines for euro area Member States in the area of budgetary policies issued in the context of the Lisbon strategy.

(11) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme provides all required and most of the optional data.[10]

The overall conclusion is that the programme is consistent with a correction of the excessive deficit no later than 2008. The programme aims at further fiscal consolidation over the medium term, including the achievement of the MTO by 2010, and foresees a declining path for the government debt ratio over the entire programme period. However, achieving these objectives is subject to an effective implementation of the measures announced in the programme and may require additional efforts, notably in the light of the risk of lower-than-projected economic growth. Further progress with fiscal consolidation, as planned, could also help to address the external imbalances and improve the prospect of the long-term sustainability of public finances, for which Portugal is considered to be at medium risk, after the significant reform of the pension system. Finally, envisaged improvements in the quality and efficiency of public expenditure, including the public administration and the budgetary framework, can have a favourable impact on potential GDP growth and thereby help resume the catching-up process.

In view of the above assessment, and also in the light of the recommendation under Article 104(7) of 20 September 2005 and the April 2007 Eurogroup orientations for fiscal policies, Portugal is invited to:

(i) implement with determination the fiscal consolidation envisaged in the programme so as to secure the correction of the excessive deficit;

(ii) carry out the planned adjustment towards the MTO, backing it up with reinforced measures if necessary; and, also in view of the risks to the sustainability of public finances, ensure a rapid reduction in the debt-to-GDP ratio, notably by continuing to allocate any better-than-expected budgetary results to deficit reduction;

(iii) maintain expenditure moderation in a permanent way and enhance the quality of public expenditure, also by pursuing the ongoing reform of public administration and further improving the budgetary framework as outlined in the programme.

[10] In particular, the data on public consumption and investment deflators are not provided.

Comparison of key macroeconomic and budgetary projections

		2006	2007	2008	2009	2010	2011
Real GDP (% change)	**SP Dec 2007**	**1.3**	**1.8**	**2.2**	**2.8**	**3.0**	**3.0**
	COM Nov 2007	1.3	1.8	2.0	2.1	n.a.	n.a.
	SP Dec 2006	*1.4*	*1.8*	*2.4*	*3.0*	*3.0*	*n.a.*
HICP inflation[4] (%)	**SP Dec 2007**	**3.0**	**2.3**	**2.1**	**2.1**	**2.1**	**2.1**
	COM Nov 2007	3.0	2.4	2.4	2.3	n.a.	n.a.
	SP Dec 2006	*3.2*	*2.2*	*2.2*	*2.1*	*2.1*	*n.a.*
Output gap[1] (% of potential GDP)	**SP Dec 2007**	**-2.4**	**-2.2**	**-1.8**	**-1.1**	**-0.2**	**0.5**
	COM Nov 2007[2]	-2.1	-1.7	-1.2	-0.8	n.a.	n.a.
	SP Dec 2006	*-2.6*	*-2.4*	*-1.8*	*-0.7*	*0.2*	*n.a.*
Net lending/borrowing vis-à-vis the rest of the world (% of GDP)	**SP Dec 2007**	**-8.8**	**-7.0**	**-5.8**	**-5.6**	**-4.9**	**-4.7**
	COM Nov 2007	-8.8	-7.9	-7.7	-7.7	n.a.	n.a.
	SP Dec 2006	*-7.5*	*-7.3*	*-6.9*	*-6.3*	*-6.0*	*n.a.*
General government balance (% of GDP)	**SP Dec 2007**	**-3.9**	**-3.0**	**-2.4**	**-1.5**	**-0.4**	**-0.2**
	COM Nov 2007	-3.9	-3.0	-2.6	-2.4	n.a.	n.a.
	SP Dec 2006	*-4.6*	*-3.7*	*-2.6*	*-1.5*	*-0.4*	*n.a.*
Primary balance (% of GDP)	**SP Dec 2007**	**-1.1**	**-0.1**	**0.5**	**1.3**	**2.2**	**2.5**
	COM Nov 2007	-1.1	-0.1	0.3	0.5	n.a.	n.a.
	SP Dec 2006	*-1.7*	*-0.7*	*0.4*	*1.5*	*2.5*	*n.a.*
Cyclically-adjusted balance[1] (% of GDP)	**SP Dec 2007**	**-2.8**	**-2.0**	**-1.6**	**-1.0**	**-0.3**	**-0.4**
	COM Nov 2007	-2.9	-2.2	-2.1	-2.1	n.a.	n.a.
	SP Dec 2006	*-3.4*	*-2.6*	*-1.8*	*-1.2*	*-0.5*	*n.a.*
Structural balance[3] (% of GDP)	**SP Dec 2007**	**-2.8**	**-2.1**	**-1.6**	**-1.0**	**-0.3**	**-0.4**
	COM Nov 2007	-2.9	-2.3	-2.1	-2.1	n.a.	n.a.
	SP Dec 2006	*-3.4*	*-2.6*	*-1.8*	*-1.2*	*-0.5*	*n.a.*
Government gross debt (% of GDP)	**SP Dec 2007**	**64.8**	**64.4**	**64.1**	**62.5**	**59.7**	**56.7**
	COM Nov 2007	64.8	64.4	64.7	64.5	n.a.	n.a.
	SP Dec 2006	*67.4*	*68.0*	*67.3*	*65.2*	*62.2*	*n.a.*

Notes:
[1] Output gaps and cyclically-adjusted balances from the programmes as recalculated by Commission services on the basis of the information in the programmes.
[2] Based on estimated potential growth of 1.5%, 1.5%, 1.6% and 1.6% respectively in the period 2006-2009.
[3] Cyclically-adjusted balance excluding one-off and other temporary measures. One-off and other temporary measures are 0.1% of GDP in 2007 (deficit-reducing) according to the most recent programme and the Commission services' autumn forecasts.
[4] Private consumption deflator for the December 2006 update of the stability programme.

Source:
Stability programme (SP); Commission services' autumn 2007 economic forecasts (COM); Commission services' calculations