Stabilitätsrat
Unabhängiger Beirat

15th Statement

on compliance with the upper limit to the structural general government budget deficit pursuant to Section 51 (2) of the German Budgetary Principles Act (HGrG)

14 December 2020

1. Preliminary note

The Stability Council last dealt with the upper limit to the structural general government budget deficit under Section 51 (2) of the German Budgetary Principles Act (HGrG) on 27 October 2020. The independent Advisory Board presented a statement in this regard.[1] The autumn projection by the German federal government was not available at this point in time. Moreover, key fiscal policy decisions had not yet been finalised, in particular with regard to the budgets applicable for the coming year. New information has meanwhile been received.

2. Overview and assessment of the macroeconomic projection

In its autumn projection, the federal government expects a sharp drop in price-adjusted Gross Domestic Product (GDP) by 5.5% in the year 2020 (cf. Overview A1). On the use-side, this is reflected in a substantial 10.3% decline in exports, in line with global economic development. The level of domestic absorption is considerably lower than in the previous year. Apart from equipment investments (-15.8%), private consumption, down by 6.9% due to public measures imposed to contain the corona pandemic (the sharpest decline in the German federal republic's history), had a particularly severe impact. Only public consumption and investments in building construction are likely to expand this year. Price-adjusted economic output for the years 2021 and 2022 is expected to rise by 4.4% and 2.5%, respectively. Accordingly, the pre-crisis level of economic output on an annual average will be exceeded only in 2022. The federal government expects growth in potential output to reflect rates of 0.9 % (2020) and 1.1% in each of the two subsequent years (cf. Overview A2). By the year 2025, the potential rate will decline to 0.8%. According to the projection, the output gap will amount to -4.8% in the year 2020 and will largely close by the year 2022.

[1] Cf. 14th Statement of the Advisory Board of 27 October 2020.

Compared to the interim projection published in September 2020, the autumn projection for the current year represents a slight upward revision. The GDP shortfall this year is now expected to turn out 0.3 of a percentage point lower, attributable above all to a slightly less severe downturn in foreign trade. For the coming year, the GDP growth rate of the interim projection was affirmed, implying more or less unchanged dynamic development in the recovery process. On the use-side in the context of foreign trade, however, the stronger catching-up effects in the third quarter of the current year will lead to weaker dynamism in the coming year. Moreover, on the use-side a substantial upward revision was implemented especially as regards public consumption for the coming year. No noteworthy changes were registered in the potential estimate.

The projection by the federal government, in terms of economic output and material aspects of the use-side, is very close to the Joint Economic Forecast, which is based on similar information. The federal government and the Joint Economic Forecast likewise arrive at practically identical results in their potential estimate for the forecast period.

The official statements on economic development in the third quarter were not yet included in the projection by the federal government as of 19 October 2020. Meanwhile the highly robust 8.5% increase in GDP reported for this period has turned out more favourable than anticipated by the federal government. However, the lock-down measures for the months of November and December, which have not been taken into account as yet, will have a negative impact. **Accordingly, on the whole the annual results for the year 2020 appear to be more or less plausible.** If strict measures are taken to combat the corona pandemic in the early months of the coming year, the recovery process would likewise be delayed, which would result in a perceptibly lower GDP growth rate in 2021. This is assumed by the German Council of Economic Experts in (in November) and Deutsche Bundesbank (in December) in their current economic forecasts, anticipating a growth rate in 2021 of 3.7% and 3%, respectively. The OECD forecast prepared in December shows an increase for 2021 by as little as 2.8%. **On the whole, therefore, the GDP growth rate of 4.4% indicated in the federal government's autumn projection for the coming year appears to be very optimistic from today's perspective.** In the event of a delayed recovery process in 2021, however, the growth rate in 2022 could turn out to be higher than expected by the federal government.

3. Overview and assessment of the fiscal projection

The German Federal Ministry of Finance (BMF) estimates a high and increasing general government budget deficit in the years 2020 and 2021 (namely 5% and 7% of GDP, respectively) (cf. Fig. 1 and Overview A3). In the current year, the budget burdens are due above all to the anti-corona support measures adopted. Next year these burdens will continue to grow. Moreover, additional expenditure is planned e.g., for the stabilisation of the levies under the German Renewable Energy Resources Act (EEG) as well as for fostering digitalisation and climate protection. Another factor is that income tax receipts will turn out lower especially due to the partial repeal of the solidarity surcharge. In the current year, cyclical developments (automatic stabilisers) are a severe burden on public finances owing to lower tax receipts and social security contributions as well as higher expenditure on unemployment and short-time work compensation. In the following year, the negative cyclical impacts will substantially decline owing to the robust recovery anticipated.

For the year 2021, extensive expenditure has been allocated that has been generally estimated but not specifically adopted in the federal budget for 2021. On the whole, the fiscal projection for the year 2021 is likely to include deficit-effective federal spending amounting to € 85.2 billion.[2] These expenditures are not yet included in the underlying autumn projection.[3] The markedly modified fiscal projection therefore is not consistent with the underlying macroeconomic projection of October.

As of the year 2022, the BMF projects a sharply declining deficit rate. At 2% in 2022, it will be below the 3% limit provided by the Maastricht Treaty. In 2024, the public-sector budget is expected to be nearly balanced. The cyclical burdens will continue to decline – especially in 2022. The deficit decrease is predominantly attributable to the expiry of the corona measures adopted. Moreover, a discernible consolidation is likely to result from rising social security contributions on the whole. The planned deployment of the federal budget reserve in order to lower net borrowing will not lead to a decline in the deficit, however. The projection by the BMF is based on an assumed federal budget consolidation that has not been implemented as yet. This evidently corresponds to the need for action indicated in the finance report to comply with the debt brake regulation (budget relief in 2022: € 9.9 billion, € 16.4 billion in 2023, and € 16.2 billion in 2024). In this context, however, it is not clear why this indicated need for action differs from the global additional revenue and reduced expenditure allocated as part of financial planning. The budget relief measures applied to these global titles (non-specific projects) are considerably higher, totalling € 20 billion for 2022, € 27 billion for 2023 and € 28½ billion for 2024.[4] The federal states likewise indicated separate need for action in their projections, which is not included in the projection by the BMF, however.[5] **Irrespective of the need for action of the federal government and the federal states, the expected deficit rate is in the region of 2¼% in the year 2022 and 1¼% in 2023. A deficit rate of ½% is projected in the year 2024 (cf. Fig. 1 and Overview A3).**

According to the projection by the BMF, the debt-to-GDP ratio will rise to 70% in the current year and will continue to see a further rise next year to 72½% of GDP. After that, it will decline to 68¾% in the year 2024. Above all, the high deficits and governmental assistance loans as well as capital deposits raise the volume of Maastricht debt. In the current year, the decline in nominal GDP contributes towards the robust surge in the ratio. In the subsequent years, the expected GDP rise will cause the ratio to decline.

The structural general government budget deficit rate for the current year is projected by the BMF to reach 2½%. In 2021, the rate will then rise significantly to 6% (cf. Fig. 1 and Overview A5). The balance in this regard is only adjusted for cyclical factors. Other one-off impacts will therefore not be discounted (as

[2] The outcome of the Deutscher Bundestag's final preparation of the federal budget of 27 November 2020 is included in the current fiscal projection.

[3] Beyond the higher global level of spending, at the parliament's final preparation of the federal budget substantially higher expenditure was planned on health and corporate assistance measures than originally provided in the government draft.

[4] Cf. for an overview of fiscal planning: Deutsche Bundesbank, Public finances, Monthly Report November 2020, p. 68. For the 2021 federal budget, the government draft is reflected in the relevant report (prior to the parliament's final preparation of the budget). In contrast, net borrowing is now planned to turn out almost € 83½ billion higher (of this sum, an additional € 37½ billion is accounted for by corporate transfers, € 11 billion for health and € 6 billion arising from the postponement of the capital allocation to Deutsche Bahn (German Rail). Furthermore, global additional spending on overcoming the pandemic was increased by € 30 billion.

[5] The federal states submitted a projection of their own in delineation from the financial statistics, which takes account of global reduced spending of € 10.5 billion for the year 2024. For 2021, this projection assumes that there will be a deficit nearly € 15 billion higher than that of the BMF projection; this can be explained partly due to expected additional spending and partly because of other delineations between core budgets and extra-budgetary funds.

in the case of EU budgetary monitoring at present): this means in particular that the temporary corona-related support measures are included in the structural general government budget balance. While the unadjusted deficit is being driven upwards sharply by cyclical factors, the structural deficit is rising to a considerably lesser degree. In the coming year, the negative cyclical impact will decline. Accordingly, the structural general government budget deficit will then rise more sharply than the unadjusted value. The decisive factors, above all, are the extensive corona-related support measures adopted.

In the further course of time, the corona-related measures will disappear and the structural deficit will see a considerable decline. Taking account of non-specific consolidation measures by the federal government, the BMF anticipates a structural general government deficit rate of 1¾% in the year 2022 and ¾% in 2023; a structurally balanced general government budget is expected for the year 2024. **Ignoring the needs for action by the central and federal state government, a structural general government deficit rate of 2¼% is expected for the year 2022 and 1¼% in 2023. For 2024, a structural general government deficit rate of ½% is projected in this scenario.**

Compared to its estimate for the October meeting of the Stability Council, the BMF has substantially revised its deficit estimate downwards for the year 2020 and substantially upwards for the year 2021. For the subsequent years, the deficit projections do not differ much from the expectations in October. Even though new transfer programmes were launched for businesses in the year 2020, in particular with the "November and December assistance packages", the corona burdens in the current year are now estimated to be considerably lower. The outflows applied are thus considerably lower than the calculations in the second supplementary budget bill for the 2020 federal budget. For the year 2021, the upward revision of the deficits evidently is mainly based on very high budget figures once again being allocated for the federal government, which were adopted e.g. in the parliament's final preparation of the federal budget. Evidently these will only be temporary in nature, with hardly any repercussions being expected in subsequent years.

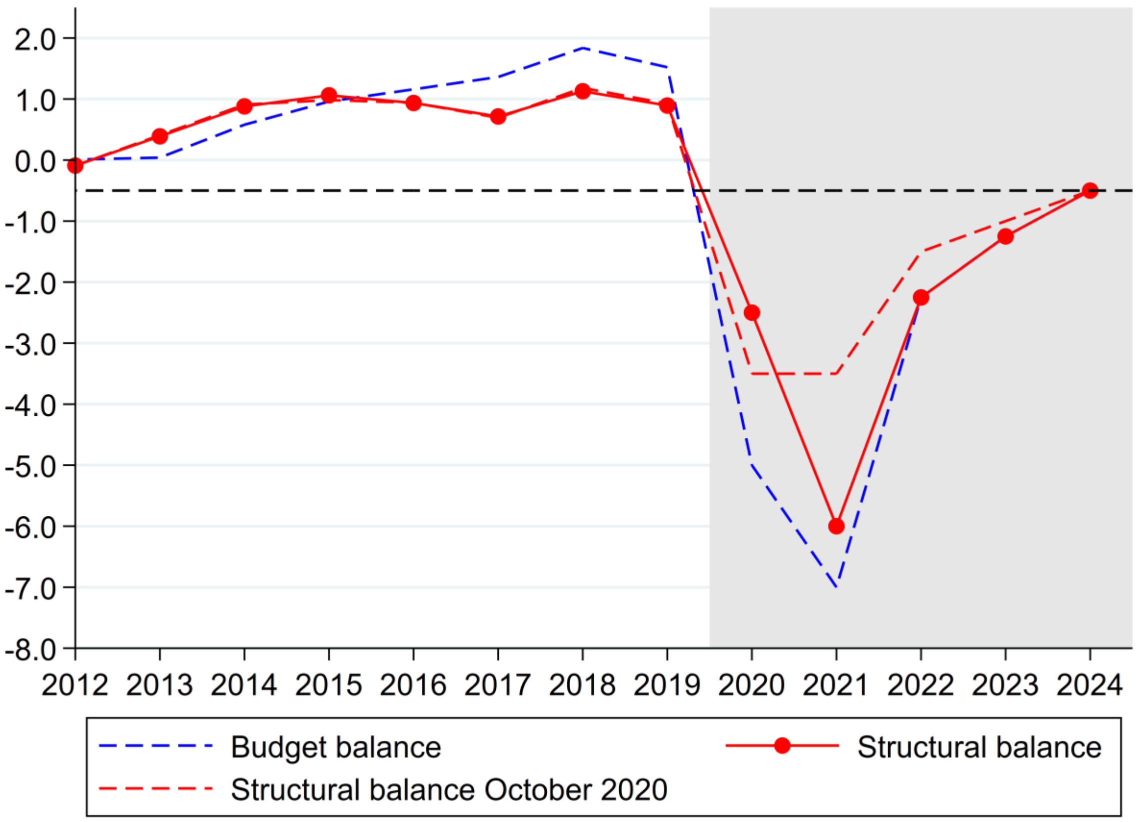
The BMF projection for the unadjusted and structural general government deficit for the year 2020 is at the lower edge of the forecast range. For 2021, the values are far higher than in the forecasts by other institutions (cf. Overviews A3 and A5). In the year 2022, the BMF is within the estimate range. As of the year 2023, there are only a few comparative estimates. **The more favourable value for the year 2020 is likely to be tied to the later point in time of the estimate preparation.** In particular, the outflows for the corona-related measures are meanwhile likely to be predictable to a fairly reliable degree by the government. They are considerably lower than the values initially expected and estimated. **The main reason why the BMF projection for the year 2021 is outside the estimate range probably is that the BMF adopted the very high deficit for as yet unspecified measures for the 2021 federal government budget.**[6] Most of the other projections do not yet include the most recently adopted extension and continuation of corona-related assistance measures. It remains to be seen to what extent the high level of unspecified titles in the federal budget will

[6] Evidently, in 2021 the postponement of the recapitalisation of Deutsche Bahn (German Rail) of € 6 billion originally planned for the current year will additionally make itself felt. While this is reflected in the budget as a financial transaction and is therefore not taken into account in terms of structural net borrowing as part of the debt brake, it will be recorded in the national accounts as an asset transfer with an impact on the deficit.

ultimately result in budget burdens. For instance, in its forecast concluded by end-November, Deutsche Bundesbank managed to include a sizeable portion of the measures hitherto submitted and nevertheless projected a considerably lower deficit: on the one hand, compared to the budget allocations, the experience gained in the current year is likely to result in lower spending expectations. On the other, the federal government has far-reaching scope for discretion in deploying resources and therefore has options for exerting its influence and for subsequent fine-tuning. For example, the past corporate aid measures within the scope of the intensified lockdown will now probably be extended yet again. As the reinforced corona-related measures are temporary in nature, they are largely assumed to disappear in the year 2022, in which case they will no longer play a major role in terms of estimate deviations, and the BMF estimate in that year will once again be part of the general forecast range.

On the whole, the level of estimation uncertainty remains extremely high for the year 2021. From the Advisory Board's perspective, the BMF fiscal projection is within the range of the forecast interval. If the economy develops as assumed in the October projection and if no new specific measures are included in the forecast, then the outflow of funds from the federal budget earmarked for 2021 seems to be too high, however, and incompatible with the economic development forecast. Despite meanwhile less favourable pandemic developments, the Advisory Board currently assumes that the deficit in the year 2021 will turn out lower.

Fig. 1: Development of the general government budget balance



The solid red line reflects the development of the structural general government budget balance in % of GDP (cf. Overview A5, 1ab.). The dotted red line reflects the development of the structural general government budget balance in % of GDP according to the projection submitted to the Stability Council on 27 October. The dotted blue line shows the unadjusted general government budget balance in % of GDP (cf. Overview A3, 1ab). Until the year 2019, the values reflect the current figures reported by the European Commission. From the year 2020, the values are based on the respective projections by the BMF without implementing the reported needs for action.

4. Assessment with regard to budgetary rules and regulations

The upper limit for the structural general government budget deficit under Section 51 (2) of the German Budgetary Principles Act (HGrG) of 0.5% of GDP will be exceeded considerably in the years 2020 and 2021. The statutory regulation refers to the EU budgetary rules, which are subject to a general exception at present, however.[7] The Advisory Board considers this justified in view of the exceptional and crisis-like circumstances and therefore assumes that **this instance of the upper limit being exceeded** represents **a permissible deviation.**

At the same time, the Advisory Board points out that the **exception clauses are intended to ensure the government's ability to take action in the event of crises**. Essentially, the Advisory Board considers that this applies to the year 2020. On the other hand, the Advisory Board considers estimates involving high unspecified budget titles in the 2021 federal budget to be problematic in principle. The federal government has substantial discretionary scope as regards the application of funds for corporate transfers, totalling nearly € 40 billion. In this regard, corporate transfers are likely to have been utilised to a very much lower degree in the current year. It is not obvious that the funding required in the coming year will rise to such a sharp extent. In addition, global additional expenditure of some € 35 billion (approx. 1% of GDP) has been allocated for non-specific pandemic response measures. This accounts for almost 20% of total loan approvals. This is surprising, seeing as governments and parliaments delivered proof, perhaps especially in the year 2020, that they are able to take very quick action. For this reason, the Advisory Board cannot comprehend the need for such extensive stockpiling of non-specific loan approvals. **It should be ensured at least for some resolutions in each case that their deployment is suitable and necessary in order to overcome the crisis.**

In the year 2022, the corona crisis will largely be overcome from today's perspective, indicating that an exceptional situation is no longer be likely to be justified. While the estimate by the BMF shows that the structural general government budget deficit rate will still exceed the upper limit of 0.5% in the years 2022 and 2023, to ensure compliance with the general government fiscal rules under the German Budgetary Principles Act (HGrG) it should be sufficient if the structural general government budget deficit is on a downward path that corresponds to the European fiscal rules.[8] This is the case according to the BMF projection – both in the variant taking account of as yet unspecified consolidation measures as well as in the variant without these measures. In this case, some fine-tuning would be appropriate in order to meet the specific parameters. Owing to the considerable uncertainties prevailing at present, however, for the Advisory Board it is quite **understandable if consolidation measures possibly necessary are dealt with more specifically in course of the adoption process of the budgets for 2022.**

[7] After the Bundestag had established on 25 March 2020 that an exceptional emergency situation as contemplated by Article 115 (2) sentence 6 of the German constitution applied to the year 2020, on 8 December 2020 the Bundestag decided that this emergency situation will continue to prevail in 2021.

[8] For details of permissible deviations from the upper limit as well as of the scope and timing for eliminating the structural general government budget deficit in the event of a departure, Section 51 (2) HGrG refers e.g., 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 (OJ No L 209, 2. 8. 1997, p. 1), last amended by Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 (OJ No L 306, 23. 11. 2011, p. 12). In view of the debt-to-GDP ratio of over 60% of GDP, it is provided in this context that, as a rule, the annual improvement in the cyclically adjusted budget balance excluding one-off and other temporary measures amounts to 0.5% of GDP.

Nevertheless, the Advisory Board continues to take a dim view of the fact that in the base projection submitted to the Stability Council as yet non-specific consolidation needs are deducted from the deficit (see the statement of October in this regard). While the Advisory Board explicitly considers it positive that projections not taking into account these elements are now available in the documents submitted, the board believes it is important to submit a base fiscal projection to the Stability Council in future that only includes specific and adopted fiscal measures in a plausible fashion. **In assessing compliance with the upper limit for the general government budget deficit, the Stability Council should rely for guidance on the concrete projection values without the need for fictive measures.** In addition, the influence of temporary corona-related measures on the estimated deficit should be transparently disclosed. **Incidentally, the Advisory Board already pointed out in earlier statements that the level of transparency regarding public-sector budgets and fiscal estimates should be improved in terms of a number of aspects**.[9]

As already detailed in the statement of October, the Advisory Board considers it important to use guardrails for fiscal policy by means of effective fiscal rules in order to secure its sustainability. This enables fiscal ability to take action to be guaranteed even in difficult situations. In Germany, public finances were set up accordingly prior to the corona crisis. Perhaps especially for that reason, German fiscal policy can take particularly robust action to avert economic loss or harm without this giving rise to sustainability concerns on the financial markets, for instance. In particular, effective fiscal rules are intended to prevent burdens being postponed into the future unnoticed. To ensure that this objective is successful, the rules need to be based on meaningful key fiscal figures.

In this respect, extensive deficits and debts at the European level will give rise to a new challenge in the future. Not only will the EU assume debts to finance assistance loans; for the first time it will also pay substantial debt-funded transfers to its Member States. Although on the one hand, lower national deficits and debts will develop amongst the Member States, at least assuming that fiscal policy will remain unchanged ("ceteris paribus"), on the other the associated problems will not vanish, however, if they are shifted from a national to the European level. After all, the debts for transfers at EU level must likewise be financed by the Member States: this is done by means of higher future contributions to the EU budget. **From the Advisory Board's point of view, it is therefore essential in the interests of transparency to ensure that the debts and deficits at the European level are identified and reported as such. Meaningful data in delineation from the national accounts should be presented not only for the Member States, but also for the European level.** This will enable the analysis and assessment of national public finances to be augmented, e.g. by allocating the deficits and debts of the European level to the Member States. In this context, the expected future financing contributions to the EU budget would need to serve as a basis. For instance, in a study involving calculations in this regard, Deutsche Bundesbank relies for guidance on the GDP share of the individual Member States. Accordingly, owing to the European debts, until the year 2026 some € 280 billion or approx. 8% of German GDP (of the year 2019) would have to be attributed to Germany. For the deficit, in the context of the assumptions made concerning the outflow of funds e.g., in the year 2022, 0.5% of GDP and in the year 2023 0.7% of

[9] For more concrete allocation points, cf. the Eleventh Statement by the independent Advisory Board to the Stability Council, Berlin, 2019.

GDP would need to be applied.[10] **The Advisory Board considers it expedient to ensure that the deficits and debts at the European level are taken into account within the scope of the fiscal rules for the Member States**.

[10] Cf. Deutsche Bundesbank, The informative value of national fiscal indicators in respect of debt at the European level, Monthly report December 2020, 37-47, in particular, p. 42.

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Annex: Overviews

Overview A1: Current[1)] projections of macroeconomic development

Year-on-year percentage change (unless otherwise stated)	2019	2020	2021	2022	2023	2024	2025
1. Federal government (autumn projection, October 2020)							
1aa. GDP, price-adjusted	0.6	-5.5	4.4	2.5	1.0	1.0	1.0
1ab. GDP deflator	2.2	1.8	1.6	1.7	1.6	1.6	1.6
1ba. Private consumption, price-adjusted	1.6	-6.9	4.5	3.4	1.0	1.0	1.0
1bb. Private consumption, deflator	1.3	0.5	1.3	1.4	1.5	1.5	1.5
1c. Gross wages and salaries per employee[2)]	2.9	-1.0	3.0	2.6	3.0	3.0	3.0
1d. Employees	1.2	-0.6	0.5	0.6	-0.2	-0.2	-0.2
1e. Unemployment rate in % (acc. to ILO[3)])	3.0	3.9	3.5	3.1	3.3	3.4	3.3
1f. Short-term interest rates in % (technical assumption)	0.00	0.00	0.00				
2. European Commission (October 2020)							
2aa. GDP, price-adjusted	0.6	-5.6	3.5	2.6			
2ab. GDP deflator	2.2	2.6	1.4	1.5			
2ba. Private consumption, price-adjusted	1.6	-7.2	3.6	3.1			
2bb. Private consumption, deflator	1.3	0.9	1.6	1.3			
2c. Compensation of employees per head[2)]	3.0	-0.8	2.8	2.7			
2d. Total employment	0.9	-1.0	0.2	0.6			
2e. Unemployment rate	3.1	4.0	4.0	3.8			
3. Joint Economic Forecast (October 2020)							
3aa. GDP, price-adjusted	0.6	-5.4	4.7	2.7	1.5	1.2	1.1
3ab. GDP deflator	2.2	2.0	1.2	1.6	1.5	1.5	1.5
4. German Council of Economic Experts (November 2020)							
4aa. GDP, price-adjusted	0.6	-5.1	3.7				
4ab. GDP deflator	2.2	1.7	1.6				
5. Deutsche Bundesbank (November 2020)							
5aa. GDP, price-adjusted	0.6	-5.1	3.0	4.4	1.6		
5ab. GDP deflator	2.2	1.6	1.9	1.4	1.8		
6. IMF (October 2020)							
6aa. GDP, price-adjusted	0.6	-6.0	4.2	3.1	1.8	1.3	1.2
6ab. BIP deflator[4)]	2.2	2.0	1.9	1.4	1.4	1.7	2.0
7. OECD (December 2020)							
7aa. GDP, price-adjusted	0.6	-5.2	2.8	3.2			
7ab. GDP deflator	2.2	1.4	0.8	1.2			

1) The projections published in the past three months are reflected in this statement. **– 2)** Values at current prices. **– 3)** International Labour Organization **– 4)** Own calculations of the Advisory Board based on the World Economic Outlook of October.

Overview A2: Current estimates of potential output[1] and the output gap

Year-on-year percentage change (unless otherwise stated)	2019	2020	2021	2022	2023	2024	2025
1. Federal government (autumn projection, October 2020)							
1a. Potential output	1.1	0.9	1.1	1.1	1.0	0.9	0.8
1b. Output gap (in % of the potential)	1.7	-4.8	-1.8	-0.3	-0.3	-0.2	0.0
1c. Output gap (in € billion)[2]	57.1	-168.3	-63.3	-12.3	-11.5	-7.3	0.0
2. European Commission (October 2020)							
2a. Potential output	1.1	0.8	0.9	1.0			
2b. Output gap (in % of the potential)	1.2	-5.1	-2.7	-1.1			
3. Joint Economic Forecast (October 2020)							
3a. Potential output	1.3	0.9	1.2	1.2	1.1	1.0	1.0
3b. Output gap (in % of the potential)	0.9	-5.3	-2.1	-0.6	-0.2	-0.1	0.0
3c. Potential output according to MODEM	1.3	1.1	1.1	1.0	0.9	0.7	0.6
4. German Council of Economic Experts (November 2020)							
4a. Potential output	1.2	1.1	1.1	1.1	1.0	0.9	0.8
4b. Output gap (in % of the potential)	1.7	-4.7	-2.1				
5. Deutsche Bundesbank (November 2020)							
5a. Potential output	1.4	0.9	0.9	1.1	1.2		
5b. Output gap (in % of the potential)[3]	0.8	-5.2	-3.2	-0.1	0.3		
6. IMF (October 2020)							
6a. Potential output[4]	1.3	-2.2	2.4	1.9	1.3	1.2	1.1
6b. Output gap (in % of the potential)	0.4	-3.5	-1.8	-0.7	-0.2	-0.1	0.0
7. OECD (December 2020)							
7a. Potential output	1.2	1.0	1.0	1.0			
7b. Output gap (in % of the potential)	0.8	-5.4	-3.7	-1.5			

1) Price-adjusted. – **2)** In relation to nominal GDP. – **3)** As the values stated are not calendar-adjusted, they differ from those reported by Deutsche Bundesbank. – **4)** Own calculations of the Advisory Board based on the World Economic Outlook of October.

Overview A3: Current projections of the budget balance[1)]

In % of GDP	2019	2020	2021	2022	2023	2024
1aa. Stability Council, implementing the need for action reported for the federal government (December 2020)	1.5	-5	-7	-2	-¾	-¼
1ab. Stability Council, without implementation of the need for action reported (December 2020)	1.5	-5	-7	-2¼	-1¼	-½
1ba. Stability Council, implementing the need for action reported for the federal government (October 2020)	*1.5*	*-6¼*	*-4¼*	*-2*	*-¾*	*-¼*
1bb. Draft Budgetary Plan (DBP, October 2020)	*1.5*	*-6¼*	*-4¼*	*-2*	*-¾*	*-¼*
1bc. Stability Council (June 2020)	*1.4*	*-8½*[2)]				
1bd. Stability Programme (April 2020)	*1.4*	*-7¼*				
1be. Stability Council (December 2019)	*1½*	*½*	*0*	*0*	*½*	
2. European Commission (October 2020)	1.5	-6.0	-4.0	-2.5		
3. Joint Economic Forecast (October 2020)	1.5	-5.5	-3.3	-2.5		
4. German Council of Economic Experts (November 2020)	1.5	-5.6	-3.5			
5. Deutsche Bundesbank (November 2020)	1.5	-5¼	-4¼	-1¾	-1¼	
6. IMF (October 2020)	1.5	-8.2	-3.2	0.6	0.8	1.0
7. OECD (December 2020)	1.5	-6.3	-4.4	-1.8		

1) The values for the projection years (as of 2020 for 1aa – 1 bd and 5. and, as of 2019, for 1be.) have been rounded to a quarter per cent. **– 2)** Own calculations of the Advisory Board based on the calculatory update of the structural general government budget balance of the BMF as of 26 May 2020 and the spring projection by the federal government on macroeconomic development dated 29 April 2020.

Overview A4: Means from the estimate bandwidths of the Federal Ministry of Finance[1)]

In € billion	2019	2020	2021	2022	2023	2024
1. General government budget balance	52.5	-166	-246½	-74	-29	-8
of which:						
1a. central government	22.7	-104½	-193½	-38	-12	-1½
1b. federal state governments	16.0	-23½	-23	-15	-5½	-3½
1c. local governments	5.1	1½	-6	-7½	-6	-6½
1d. Social security funds	8.7	-39½	-24	-13½	-5½	3½

1) Includes the mean values from the estimate bandwidths according to the derivation of the general government budget balance of the public sector (“Maastricht Budget Balance”) from the budget balance of the whole of Government Accounts of 3 December 2020. Own calculations of the Advisory Board. The values for the projection years (as of 2020) have been rounded to a quarter per cent.

Overview A5: Current projections of the structural budget balance[1)]

In % of GDP or potential output	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1aa. Stability Council, implementing the need for action reported for the federal government (December 2020)	0.7	-2½	-6	-1¾	-¾	0
1ab. Stability Council, without implementation of the need for action reported (December 2020)	0.7	-2½	-6	-2¼	-1¼	-½
1ba. Stability Council, implementing the need for action reported for the federal government (October 2020)	*0.6[2)]*	*-3½*	*-3½*	*-1¼*	*-½*	*-¼*
1bb. Draft Budgetary Plan (DBP, October 2020)	*0.6*	*-3¼*	*-3¼*	*-1¼*	*-½*	*-¼*
1bc. Stability Council (June 2020)	*0.5*	*-5½*				
1bd. Stability Programme (April 2020)	*1.3*					
1be. Stability Council (December 2019)	*1¼*	*½*	*¼*	*¼*	*½*	
2. European Commission (October 2020)	0.9	-3.4	-2.7	-1.9		
3a. Joint Economic Forecast (October 2020)	1.1	-2.8	-2.3	-2.2		
3b. Joint Economic Forecast (MODEM, October 2020)	0.8	-2.7	-2.3	-2.3		
4. German Council of Economic Experts (November 2020)	0.4	-3.4	-1.9			
5. Deutsche Bundesbank (November 2020)[1,3,4)]	½	-3¼	-2¾	-1¾	-1¼	
6. IMF (October 2020)[3.4)]	1.3	-6.4	-2.3	1.0	0.9	1.1
7. OECD (December 2020)[3)]	1.1	-3.0	-2.2	-1.0		

1) The values for the projection years (as of 2020 for 1aa – 1bd and, as of 2019, for 1be.) have been rounded to a quarter per cent. – **2)** In departure from this, in Fig. 1 the value of 0.9 is reflected, derived from the autumn projection of the European Commission of October. – **3)** To facilitate a better comparison with other estimates, the cyclically adjusted balance is reflected here**.** – **4)** The IMF (unlike the BMF, for instance) predominantly takes account of the corona-related measures in 2020 and 2021 as temporary and omits them in the structural general government budget balance. As of 2022, the IMF does not assume the existence of any further temporary measures. Own calculations of the Advisory Board based on the World Economic Outlook of October.

Overview A6: Components of the structural budget balance[1)]

In % of GDP (unless otherwise stated)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1. Budget balance, implementing the need for action reported for the federal government	1.5	-5	-7	-2	-¾	-¼
2. Cyclical component	0.8	-2½	-1	-¼	-¼	0
2a. in € billion[2)]	*28.8*	*-84.8*	*-31.9*	*-6.2*	*-5.8*	*-3.7*
3. Cyclically adjusted balance[3)]	0.7	-2½	-6	-1¾	-¾	0
4. One-off and temporary measures	0.0	0	0	0	0	0
5. Structural budget balance, implementing the need for action reported for the federal government[4)]	0.7	-2½	-6	-1¾	-¾	0
6. Cyclically adjusted primary balance[5)]	1.5	-1¾	-5½	-1¼	-¼	½
7. Output gap (in % of potential output)	*1.7*	*-4.8*	*-1.8*	*-0.3*	*-0.3*	*-0.2*

1) The figures presented are based on the projection of the general government budget balance for the resolution proposal by the WG Stability Council of 4 December 2020, the autumn projection 2020 of the federal government on macroeconomic development of 30 October 2020, additional information made available by the BMF as well as own calculations by the Advisory Board. The values under 1., 2., 3., 4., 5 and 6. have been rounded to a quarter per cent for the projection years as of 2020. **– 2)** The cyclical component is calculated by multiplying the output gap (in € billion) by the budget semi-elasticity for the general government (0.504). **– 3)** Difference arising from the budget balance and the cyclical component. **– 4)** Cyclically adjusted balance less temporary measures / effects – **5)** Cyclically adjusted balance plus interest expenditure.