

Appendix E: Additional Tables Relevant for the Fiscal Rules

Figure AE.1: Matrix for Specifying the Annual Fiscal Adjustment Towards the MTO under the SGP

	Condition	Required minimum annual structural balance adjustment	
		Debt below 60% of GDP and no sustainability risk	Debt above 60% or sustainability risk
Exceptionally bad times	Real growth < 0 or output gap < -4	No adjustment needed	
Very bad times	$-4 \leq \text{output gap} < -3$	0	0.25
Bad times	$-3 \leq \text{output gap} < -1.5$	0 if growth below potential, 0.25 if growth above potential	0.25 if growth below potential, 0.5 if growth above potential
Normal times	$-1.5 \leq \text{output gap} < 1.5$	0.5	> 0.5
Good times	output gap ≥ 1.5	> 0.5 if growth below potential, ≥ 0.75 if growth above potential	≥ 0.75 if growth below potential, ≥ 1 if growth above potential

Source: *Vade Mecum* (European Commission, 2017a).

Note: Requirements of > 0.5 percentage points are operationalised within Commission assessments as at least 0.6 of a percentage point of GDP.

Figure AE.2: The Overall Assessment under the Preventive Arm

Structural Balance / Expenditure Benchmark	Adjustment delivered	Deviation	Breach of "significance" threshold
Benchmark Respected	Compliance	Need an overall assessment (cannot lead to a significant deviation procedure)	Need an overall assessment (<i>can</i> lead to a significant deviation procedure)
Deviation	Need an overall assessment (<i>cannot</i> lead to a significant deviation procedure)	Need an overall assessment (cannot lead to a significant deviation procedure)	Need an overall assessment (<i>can</i> lead to a significant deviation procedure)
Breach of "significance" threshold	Need an overall assessment (<i>can</i> lead to a significant deviation procedure)	Need an overall assessment (<i>can</i> lead to a significant deviation procedure)	Need an overall assessment, but strong presumption of significant deviation (<i>can</i> lead to a significant deviation procedure)

Source: *Vade Mecum* (European Commission, 2017a).

Note: The threshold for "significance" is judged to be 0.5 per cent of GDP or more for the year under consideration, or an average deviation of 0.25 per cent of GDP over two years.