



EUROPEAN COMMISSION
 DIRECTORATE GENERAL
 ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 19 October 2018

Dear Mr San Basilio Pardo,

We would like to thank you for the timely submission of Spain's Draft Budgetary Plan (DBP) for 2019, which we received on 15 October.

We note that the DBP does not yet give a complete picture of the planned measures. As you know, the applicable guidelines on the format and content of DBPs are laid down in the Code of Conduct on the Stability and Growth Pact. It would therefore be important to provide the European Commission with all the necessary information on the various measures, notably as regards their budgetary impact, in order to facilitate our assessment.

We take note that the DBP projects a nominal growth rate of net primary expenditures of 1.7%, which exceeds the recommended maximum increase of 0.6%. The planned structural effort in 2019 amounts to 0.4% of GDP. This effort is below the 0.65% of GDP required in the Council recommendation of 13 July 2018. Based on the limited information available, we cannot exclude a risk of some deviation from the required effort. We also have questions regarding the fulfilment of the so-called transitional debt rule which is laid down by Article 2(1a) of Regulation 1467/97.

We take good note that the presentation of the draft 2019 Budget Act to the Spanish Parliament did not happen in parallel with the DBP submission to the European Commission. Should there be substantial differences between the DBP and the draft budget act finally submitted to Parliament, we invite you to submit as soon as possible an updated DBP to the European Commission and to the Eurogroup, and to inform us about any fiscal developments or decisions which will be taken in the coming weeks.

The European Commission seeks to continue a constructive dialogue with Spain in order to come to a final assessment. We would welcome receiving your input by 22 October 2018 to allow the Commission to take it into account before it provides its formal Opinion on your DBP.

My services stand ready to assist your services in this process.

Yours sincerely,

Marco Buti

Mr Carlos San Basilio Pardo
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