EXECUTIVE SUMMARY

1. DEBT DYNAMICS: NAVIGATING RISKS IN TODAY'S ECONOMIC LANDSCAPE

The EU economy appears set for a delayed rebound in growth amid faster easing of inflation

After subdued growth in 2023, the EU economy has entered 2024 on a weaker footing than previously expected. Already towards the end of 2022, the economic expansion came to an abrupt end and activity has since been broadly stagnating, against the background of falling household purchasing power, collapsing external demand, forceful monetary tightening and the partial withdrawal of fiscal support in 2023. Economic activity is expected to gradually accelerate in 2024. Headline inflation has declined faster than expected in 2023, largely driven by falling energy prices. As inflation has declined, real wage growth and a resilient labour market should support a pick-up in consumption. Despite falling profit margins, investment should benefit from a gradual easing of credit conditions and the continued implementation of the Recovery and Resilience Facility. According to the Commission's 2024 winter forecast, the EU economy is expected to grow by 0.5% in 2023, 0.9% in 2024 and 1.7% in 2025. In the EU, the Harmonised Index of Consumer Prices (HICP) inflation is projected to fall from 6.3% in 2023 to 3.0% in 2024 and 2.5% in 2025. ([1])

Fiscal positions improved slightly in 2023

After reaching the historically high level of 6.7% of GDP in 2020 following the COVID-19 pandemic, the EU aggregate budget deficit fell to 3.3% in 2022. According to the Commission’s 2023 autumn forecast, it is projected to decline slightly to 3.2% of GDP in 2023. Crisis-related fiscal measures are estimated to have declined significantly, thanks to the full phasing out of pandemic-related temporary measures, a reduction in subsidies to private investment and a lower net budgetary impact of energy-related measures. The less favourable economic environment and higher interest expenditure are projected to have had a deficit-increasing effect in 2023. The EU aggregate debt-to-GDP ratio fell significantly to 85% at the end of 2022 from a historically high level close to 92% at the end of 2020. This decline was due to the strong post-pandemic economic recovery and high inflation, while high primary deficits continued to lift debt levels. The EU aggregate debt ratio is set to continue to decline to 83% of GDP in 2023 helped by inflation and a slight reduction of the primary deficit, while higher interest rates on new debt issuances should raise interest expenditure only gradually thanks to the long maturity of public debt. At the same time, subdued real GDP growth is expected to hardly contribute to the debt decline in 2023.

Deficit and debt ratios remain high in many Member States

According to the Commission’s 2023 autumn forecast, the EU aggregate deficit is projected to fall to 3.2% of GDP in 2023, 2.8% of GDP in 2024 and 2.7% of GDP in 2025. This decline is mostly driven by the significant reduction in energy-related measures, while higher interest expenditure are set to increase the deficit. In 2024, twelve EU Member States are expected to have a deficit above 3% of GDP. This number is expected to rise to thirteen in 2025 under a no policy change assumption. The EU aggregate debt ratio is projected to decline to around 83% of GDP in 2023 and to broadly stabilise in 2024 and 2025 above the 2019 level of around 79% of GDP. The interest

([1]) The Commission 2024 winter forecast published in February 2024 is an interim forecast which only provides an update of the GDP growth and inflation forecast. It is broadly similar to the Commission 2023 autumn forecast, which is the basis of this report.

rate-growth differential is projected to become less favourable as the growth of the GDP deflator decelerates and interest expenditure continues to rise. Primary deficits are projected to continue to weigh on debt developments. Six Member States are expected to still have debt ratios well above 90% of GDP in 2025, and another seven above 60% of GDP.

Financing conditions have eased somewhat but remain tighter than in the past

Most EU central banks tightened monetary policy further in 2023 in response to rising inflationary pressures, albeit slightly less than in 2022. Financial markets expect policy rates in the EU have peaked in 2023. Government bond yield spreads have risen in several Member States in 2022 but have fallen in 2023 remaining contained from a historical perspective. The impact of higher interest rates on government debt burdens is expected to be gradual in many Member States, as debt maturities have been lengthened over the past decade. Sovereign ratings remain favourable and stable on average across the EU, with differences between Member States. Overall, financing conditions in many EU countries have eased somewhat compared to autumn 2022 but remain tighter than in the period before.

The outlook is surrounded by high uncertainty amid geopolitical tensions

Protracted geopolitical tensions and the broadening of the Middle East conflict to the Red Sea tilt the balance of risks towards more adverse outcomes. Additional trade disruptions could bring renewed stress to supply chains, hampering production and adding price pressures. Domestically, a faster recovery of consumption, higher-than-expected wage growth and a lower-than-anticipated fall in profit margins could hold back the disinflation process. On the downside, a more persistent transmission of the still tight monetary conditions could further delay the rebound in economic activity, pushing inflation lower. Climate risks and the increasing frequency of extreme weather events continue to pose threats.

2. DEBT SUSTAINABILITY MONITOR 2023: METHODOLOGY AND USE IN THE EU FISCAL SURVEILLANCE FRAMEWORK

This report presents an update of the Commission's fiscal sustainability risk assessment

The assessment of fiscal sustainability risks presented in this report is based on latest available information as of March 2024, including updated ageing costs. The Debt Sustainability Monitor (DSM) 2023 is based on the Commission 2023 autumn forecast (which is the latest full-fledged forecast). It relies on the commonly agreed methodology of the Economic Policy Committee (EPC) for projecting medium-term GDP growth, ([2]) which takes into account the expected impact of implemented reforms. The DSM also reflects the agreed long-term economic and budgetary projections of the Ageing Report 2024, jointly prepared by the European Commission and the EPC. The latter are reflected both in the DSA and the fiscal sustainability indicators. ([3])

([2]) GDP growth over 10 years is projected in line with the EU commonly agreed methodology. It incorporates the expected favourable impact of implemented reforms (see Blondeau, F., Planas, C. and A. Rossi (2021): Output gap estimation using the European Union's commonly agreed methodology: Vade mecum and manual for the EUCAM software, European Commission Discussion Paper, 148, October).

([3]) See Ageing Report 2024, Volume 1 for the macroeconomic projections (published in November 2023) and the forthcoming Ageing Report 2024, Volume 2 for the budgetary projections. The latter were endorsed by the EPC in January 2024 and will be published in the Ageing Report in the second quarter of 2024.

The assessment is based on the well-established fiscal sustainability risk framework of the Commission

Fiscal sustainability risks are assessed with the Commission's well-established comprehensive fiscal sustainability risk framework. This framework integrates findings from the debt sustainability analysis (DSA) and fiscal sustainability indicators. It offers a coherent view of fiscal sustainability risks over short, medium, and long-term horizons across countries, based on a set of transparent criteria.

The report introduces one main methodological improvement

This edition of the Debt Sustainability Monitor brings one main methodological improvement relative to the 2022 issue, regarding the assumption on stock-flow-adjustments (SFA) beyond the short-term forecast horizon. SFA represents the difference between the change in government debt and the government balance. This variable is affected by various drivers and tends to be highly volatile, hence difficult to predict over the medium term. For this reason, it was generally assumed that SFA returned to zero beyond the short-term forecast horizon. However, in some cases, SFA appear to be significantly and systematically different from zero, due to structural factors (e.g., the build-up of public pension funds, or deferred interests linked to official loans). Based on horizontal criteria, and notably making use of the latest Ageing Report projections, the DSA now includes a non-zero SFA assumption where necessary to take account of these cases (see special issue Chapter 2 of Part II). A couple of additional technical adjustments were made to the approach: the no-fiscal-policy-change assumption, used in assessing medium- and long-term fiscal sustainability risks, was re-anchored on the first forecast year (T+1) for the needs of the reformed Stability and Growth Pact (previously anchored on the second forecast year (T+2), see special issue Chapter 1 of Part II)). Finally, the treatment of the underlying quarterly data for the stochastic projections was enhanced (see Annex A4).

The findings of the DSM are highly relevant for the EU fiscal surveillance process

The analysis of fiscal sustainability risks presented in this report contributes to the monitoring and coordination of Member States' fiscal policies. It plays a key role for the surveillance under the Stability and Growth Pact (SGP) and the European Semester, including the formulation of structural-fiscal country-specific recommendations and post-programme surveillance.

The debt sustainability analysis will play a greater role in the reformed EU economic governance framework

In February 2024, the European Parliament and the Council have reached a provisional political agreement on the most ambitious and comprehensive reform of the EU's economic governance framework since the aftermath of the economic and financial crisis. ([4]) The objectives of the reformed framework are to strengthen Member States' debt sustainability and to promote sustainable and inclusive growth in all Member States through growth-enhancing reforms and investments.

The new fiscal governance framework takes account of different fiscal challenges. In particular, it introduces risk-based surveillance, which differentiates between Member States according to their individual fiscal positions. For Member States with a government deficit above 3% of GDP or a public debt above 60% of GDP, the Commission will issue a country-specific "reference trajectory". This trajectory will provide guidance to Member States in preparing their plans and will ensure that debt is put on a plausible downward path or stays at prudent levels, and that the deficit is

([4]) See the provisional political agreement of 10 February 2024 available at https://www.consilium.europa.eu/en/press/press-releases/2024/02/10/economic-governance-review-council-and-parliament-strike-deal-on-reform-of-fiscal-rules/.

brought and maintained below 3% of GDP over the medium-term. The approach also includes safeguards to ensure a minimum debt decline (the debt sustainability safeguard) and to provide a safety margin below the Treaty deficit reference value of 3% of GDP (the deficit resilience safeguard). Member States with a government deficit below 3% of GDP and public debt below 60% of GDP will have to ensure in their plans that the deficit is maintained below 3% of GDP over the medium term and that debt remains below 60% of GDP. These Member States can request technical information from the Commission. As foreseen in the regulation, ([5]) for the first round of plans, the plausibility of public debt declining in the medium term should be based on the methodology described in this Debt Sustainability Monitor 2023. A working group for debt sustainability analysis will explore possible methodological improvements, including on underlying assumptions. The plans will be assessed by the Commission and endorsed by the Council, based on common EU criteria, while a single operational indicator – net primary expenditure – will serve as the basis for the monitoring and the assessment of compliance.

3. KEY RESULTS: RISKS ARE SIGNIFICANT IN THE MEDIUM AND LONG TERM

Short-term fiscal risks are considered to be overall low despite some vulnerabilities

Chapter 1 of Part I shows that short-term fiscal sustainability risks are overall low for 2024 (see Table 1 and 2 for an overview). According to the Commission's early-warning indicator S0, all countries have values below the critical threshold in 2023, indicating overall low risks of fiscal stress in 2024. This positive result can be largely attributed to the absence of large risks to macroeconomic stability in the short term. However, the sub-components of S0 show that fiscal vulnerabilities persist in five countries (Italy, Belgium, Spain, France and Hungary), notably driven by sizeable government gross financing needs. Different financial market indicators show that financing conditions in many EU countries eased somewhat in 2023, though remaining less favourable than prior to the last crises. Sovereign ratings are still favourable and stable on average across the EU, despite some differences across Member States.

Over the medium term, government debt is expected to decline only temporarily in case of no policy action

Chapter 2 of Part I shows that, for the EU as a whole, the debt ratio is projected to decline slightly until 2026, after which a gradual increase in the costs of ageing and interest expenditure would reverse the trend. In the baseline, the interest-growth rate differential becomes less favourable for debt reduction over the projection period, i.e. by 2034, mainly due to rising implicit interest rates. By 2027, the favourable impact of this differential will no longer be large enough to mitigate the increasing pressure of ageing costs on public finances. An alternative scenario shows that the debt increase could occur later if the structural primary balance returned to the small deficit observed on average over the past 15 years (compared with the larger deficit assumed in the baseline). Conversely, a more limited fiscal adjustment than in the baseline, a less favourable interest-growth rate differential or temporary financial stress would worsen debt dynamics. Moreover, the stochastic projections point to significant uncertainty around the baseline. With an 80% probability, debt will lie between 82% and 99% in the euro area

([5]) See Recital (14c) of the proposed regulation referred to in footnote (4).

as a whole by 2028, falling below the 2023 level with a 53% probability. In 2028, the debt ratio could stand above or below 90% with equal probability.

Medium-term risks are high in nine Member States and medium in another eleven countries

Nine Member States are found to be at high fiscal sustainability risk in the medium term (Belgium, Greece, Spain, France, Italy, Portugal, Romania, Slovakia and Finland). The high-risk classification is mainly driven by the debt dynamics under the no-fiscal policy-change baseline, with either currently high and rising debt ratios (Belgium, Spain, France and Italy), debt rising above 90% of GDP (Romania, Slovakia and Finland), or debt falling but remaining high, while the assumed fiscal position is ambitious by historical standards (Greece). In several cases, the stochastic analysis confirms the high risk of an upward trend over the next five years (Belgium, Spain, France, Italy and Finland) and shows significant uncertainty around the baseline projections (Greece, Portugal and Romania). Vulnerability to more adverse assumptions, in particular in the event of less favourable macro-financial conditions or a weaker fiscal position, also explains the classification (Portugal). Projected financing needs suggest that countries with the highest debt ratios are more exposed to potential liquidity challenges.

Medium-term fiscal sustainability risks are medium in eleven Member States (Bulgaria, Czechia, Germany, Croatia, Cyprus, Lithuania, Hungary, Malta, Austria, Poland and Slovenia). In a first group of six countries (Poland, Bulgaria, Malta, Czechia, Lithuania and Slovenia), debt is projected to increase steadily over the medium term. In Poland and Slovenia, debt is projected to exceed 60% of GDP, although there appears to be room for fiscal consolidation ([6]) as the expected fiscal position is weaker than the historical average. In Malta, debt remains slightly below 60% of GDP in the baseline, but is vulnerable to more adverse conditions, in addition to the high uncertainty indicated by the stochastic analysis. In Czechia and Lithuania, debt, although on a rising trend, would remain below 60% of GDP in all scenarios, but with only moderate fiscal consolidation space by historical standards. Bulgaria, on the other hand, has available fiscal consolidation space, but is considered at medium risk due to very high uncertainty about debt dynamics over the next five years, based on historical volatility. A second group of three countries (Germany, Austria and Croatia) are projected to initially see their debt fall and then rise again, either remaining below or exceeding their initial levels by 2034, depending on the scenario. In addition, Austria's debt would remain well above 60% of GDP, but with room for adjustment by historical standards. Finally, in the last two countries (Cyprus and Hungary), debt is projected to fall. For Cyprus, it would fall well below 60% of GDP, but with high uncertainty and based on an ambitious fiscal position by historical standards. In Hungary, debt would approach 60% of GDP in some scenarios, but with only moderate policy space for additional consolidation by historical standards.

In the remaining seven Member States (Denmark, Estonia, Ireland, Latvia, Luxembourg, the Netherlands and Sweden), medium-term fiscal sustainability risks are low. In these countries, the baseline, deterministic scenarios and stochastic projections all indicate low risk. The few sources of

([6]) This indicator measures where the assumed structural primary balance stands by historical standards. However, it doesn't preclude future policy action to improve public finances.

vulnerability do not change this classification. In particular, debt is on an upward trend in Estonia, Latvia, Luxembourg and (after an initial decline) the Netherlands, while remaining below 60% of GDP. Some uncertainty is also estimated for Estonia and Ireland, reflecting historical volatility. ([7])

Long-term risks are high in five and medium in fourteen EU countries

Chapter 3 of Part I concludes that five Member States face overall high long-term fiscal sustainability risks (Belgium, Luxembourg, Malta, Slovenia, and Slovakia). The classification reflects a significant increase in ageing costs in all countries, in particular due to higher pension expenditure. In Belgium, Malta, and Slovakia, the unfavourable initial budgetary position is also an important factor.

Fourteen Member States show overall medium long-term fiscal sustainability risks (Bulgaria, Czechia, Germany, Ireland, Spain, France, Italy, Lithuania, Hungary, the Netherlands, Austria, Poland, Romania and Finland). This assessment is generally driven by the S2 indicator, mainly due to the projected increase in ageing costs (Czechia, Germany, Ireland, Spain, Lithuania, Hungary, the Netherlands and Austria). In addition, the unfavourable initial budgetary position is a significant factor for Bulgaria, France, Poland, and Romania. For Finland, both factors are equally important. In Italy, the overall risk classification is mainly driven by the S1 indicator, which points to a significant fiscal effort needed to reduce the debt-to-GDP ratio to 60% by 2070.

In the remaining eight Member States (Denmark, Estonia, Greece, Croatia, Cyprus, Latvia, Portugal and Sweden), long-term fiscal sustainability risks are low. This reflects both contained cost of ageing over the long-term and favourable initial budgetary positions in most cases. In the cases of Croatia and Latvia decreasing ageing costs offset the impact of a relatively less favourable initial budgetary position, while in the case of Cyprus, it is the favourable initial budgetary position that offsets the impact of the significant projected increase in ageing costs. In some cases (Cyprus and Portugal), the low-risk classification rests on the assumption of a relatively large structural primary surplus by historical standards.

Several additional factors need to be taken into account in a balanced assessment of fiscal sustainability risks

Chapter 4 of Part I analyses additional risk factors as a complement to the quantitative results of the framework to ensure a balanced overall assessment of fiscal sustainability challenges. These factors are only partially factored in the quantitative results of the framework.

On the downside, the share of short-term debt, which had increased in many Member States as a result of the COVID-19 pandemic, remains non-negligible in some cases. Some non-euro area Member States are also exposed to foreign exchange rate risks. A snapshot analysis of bank balance sheets points to contained vulnerabilities in most Member States. Simulations based on the Commission's SYMBOL model show that (implicit) contingent liabilities' risks linked to the banking sector persist only in few Member States, and under a severe stressed scenario.

([7]) In the case of Ireland, alternative metrics to GDP, such as GNI* used at national level, would result in a higher projected debt ratio.

On the upside, there has been a general trend towards lengthening debt maturities over the past decade. The investor base is large and diversified in many Member States. The Eurosystem's asset purchase programmes in recent years have led to a significant increase in the share of government debt held by central banks

Table 1: **Fiscal sustainability risk classification by Member States (if different, the risk classification from the DSM 2022 is shown in brackets)**

	Overall SHORT-TERM risk category	Overall MEDIUM-TERM risk category	Overall LONG-TERM risk category
BE	LOW	HIGH	HIGH
BG	LOW	MEDIUM (LOW)	MEDIUM
CZ	LOW	MEDIUM	MEDIUM
DK	LOW	LOW	LOW
DE	LOW	MEDIUM	MEDIUM
EE	LOW	LOW	LOW
IE	LOW	LOW	MEDIUM
EL	LOW	HIGH	LOW
ES	LOW	HIGH	MEDIUM
FR	LOW	HIGH	MEDIUM
HR	LOW	MEDIUM (HIGH)	LOW (MEDIUM)
IT	LOW	HIGH	MEDIUM
CY	LOW	MEDIUM	LOW
LV	LOW	LOW	LOW
LT	LOW	MEDIUM (LOW)	MEDIUM (LOW)
LU	LOW	LOW	HIGH
HU	LOW	MEDIUM (HIGH)	MEDIUM (HIGH)
MT	LOW	MEDIUM	HIGH
NL	LOW	LOW (MEDIUM)	MEDIUM (HIGH)
AT	LOW	MEDIUM	MEDIUM
PL	LOW	MEDIUM	MEDIUM
PT	LOW	HIGH	LOW
RO	LOW	HIGH (MEDIUM)	MEDIUM
SI	LOW	MEDIUM	HIGH
SK	LOW	HIGH	HIGH
FI	LOW	HIGH (MEDIUM)	MEDIUM
SE	LOW	LOW	LOW

Source: Commission services.

Table 2: **Summary heat map of fiscal sustainability risks**

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE
Heat map for short-term risks in the EU countries																											
S0 overall index	0.27	0.21	0.24	0.27	0.16	0.30	0.13	0.31	0.41	0.38	0.21	0.35	0.32	0.31	0.27	0.19	0.46	0.17	0.12	0.09	0.39	0.32	0.31	0.20	0.38	0.20	0.12
Overall SHORT-TERM risk category	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW
Heat map for medium-term risks in the EU countries - Debt sustainability analysis (DSA)	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE
Baseline (no-fiscal-policy-change scenario)	HIGH	LOW	MEDIUM	LOW	LOW	LOW	LOW	HIGH	HIGH	HIGH	MEDIUM	HIGH	LOW	LOW	MEDIUM	LOW	MEDIUM	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	HIGH	MEDIUM	HIGH	HIGH	LOW
Debt level (2034)	122.8	45.4	47.2	7.7	64.0	22.8	30.8	116.4	118.4	130.1	61.1	164.4	38.1	55.2	52.8	36.6	62.2	59.3	53.4	80.7	77.1	83.0	92.3	74.4	115.2	94.6	13.2
Debt peak year	2034	2034	2034	2023	2023	2030	2023	2023	2034	2034	2034	2034	2023	2034	2034	2034	2024	2034	2034	2034	2034	2023	2034	2034	2034	2034	2023
Fiscal consolidation space (percentile rank of avg SPB 2024-2034)	100%	96%	26%	66%	79%	55%	57%	23%	75%	94%	51%	69%	20%	76%	43%	100%	47%	73%	94%	96%	77%	20%	78%	52%	96%	100%	65%
Stochastic projections	HIGH	MEDIUM	LOW	LOW	LOW	LOW	LOW	MEDIUM	HIGH	HIGH	MEDIUM	HIGH	MEDIUM	LOW	LOW	LOW	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	MEDIUM	LOW	HIGH	LOW
Probability of debt in 2028 > debt in 2023	64%	69%	47%	6%	33%	65%	30%	14%	51%	81%	39%	68%	9%	65%	65%	71%	40%	62%	48%	45%	95%	23%	85%	45%	99%	85%	5%
Difference between the 10th and 90th percentile in 2028 (p.p. of GDP)	28.5	50.6	25.4	16.8	16.2	28.7	36.4	58.0	31.1	19.5	28.9	33.3	44.6	37.3	30.2	22.4	40.3	38.2	16.4	29.3	19.5	46.7	42.3	29.4	27.4	23.5	10.0
'Historical SPB' scenario	HIGH	LOW	MEDIUM	LOW	LOW	LOW	LOW	HIGH	HIGH	HIGH	LOW	HIGH	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW	MEDIUM	HIGH	MEDIUM	MEDIUM	HIGH	MEDIUM	LOW
Debt level (2034)	107.6	27.2	53.7	11.6	53.8	28.1	49.8	102.7	121.1	126.4	56.0	147.8	53.3	54.8	57.8	19.9	71.6	42.1	50.8	76.2	78.8	96.2	89.9	77.4	90.6	87.1	17.3
Debt peak year	2034	2029	2034	2023	2023	2034	2034	2023	2034	2034	2023	2034	2023	2034	2034	2026	2024	2025	2034	2023	2034	2023	2034	2034	2034	2034	2023
Fiscal consolidation space (percentile rank of avg SPB 2024-2034)	86%	84%	29%	72%	53%	64%	76%	21%	78%	91%	44%	52%	29%	74%	60%	81%	52%	56%	88%	91%	79%	43%	77%	63%	55%	96%	69%
'Adverse r-g' scenario	HIGH	LOW	MEDIUM	LOW	MEDIUM	LOW	LOW	HIGH	HIGH	HIGH	MEDIUM	HIGH	LOW	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH	HIGH	MEDIUM	HIGH	HIGH	LOW
Debt level (2034)	131.7	48.3	51.1	9.2	69.4	24.5	33.3	126.0	128.0	140.4	66.1	178.8	42.0	59.4	56.4	39.3	67.8	63.6	57.4	87.1	82.8	90.3	98.6	79.4	122.3	101.2	14.7
Debt peak year	2034	2034	2034	2023	2034	2031	2023	2023	2034	2034	2034	2034	2023	2034	2034	2034	2024	2034	2034	2034	2034	2023	2034	2034	2034	2034	2023
Fiscal consolidation space (percentile rank of avg SPB 2024-2034)	100%	96%	26%	66%	79%	55%	57%	23%	75%	94%	51%	69%	20%	76%	43%	100%	47%	73%	94%	96%	77%	20%	78%	52%	96%	100%	65%
'Financial stress' scenario	HIGH	LOW	MEDIUM	LOW	LOW	LOW	LOW	HIGH	HIGH	HIGH	MEDIUM	HIGH	LOW	LOW	MEDIUM	LOW	MEDIUM	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	HIGH	MEDIUM	HIGH	HIGH	LOW
Debt level (2034)	124.4	45.7	47.7	7.9	64.5	23.0	31.0	119.9	120.1	132.0	61.5	169.7	38.3	55.6	53.1	36.9	62.7	59.7	53.7	81.3	77.6	84.0	92.8	74.8	115.7	95.1	13.3
Debt peak year	2034	2034	2034	2023	2023	2030	2023	2023	2034	2034	2034	2034	2023	2034	2034	2034	2024	2034	2034	2034	2034	2023	2034	2034	2034	2034	2023
Fiscal consolidation space (percentile rank of avg SPB 2024-2034)	100%	96%	26%	66%	79%	55%	57%	23%	75%	94%	51%	69%	20%	76%	43%	100%	47%	73%	94%	96%	77%	20%	78%	52%	96%	100%	65%
'Lower SPB' scenario	HIGH	LOW	MEDIUM	LOW	MEDIUM	LOW	LOW	HIGH	HIGH	HIGH	MEDIUM	HIGH	LOW	LOW	MEDIUM	LOW	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	MEDIUM	HIGH	MEDIUM	HIGH	HIGH	LOW
Debt level (2034)	124.8	46.0	55.0	13.7	67.3	23.9	32.2	120.8	124.0	133.1	67.6	171.8	42.1	56.7	55.2	36.7	69.5	62.8	56.9	82.9	84.5	83.8	98.1	81.3	118.0	96.2	16.2
Debt peak year	2034	2034	2034	2023	2034	2031	2023	2023	2034	2034	2034	2034	2023	2034	2034	2034	2024	2034	2034	2034	2034	2023	2034	2034	2034	2034	2023
Fiscal consolidation space (percentile rank of avg SPB 2024-2034)	100%	97%	29%	74%	87%	56%	59%	24%	84%	95%	54%	73%	22%	78%	46%	100%	50%	76%	100%	97%	90%	21%	84%	73%	100%	100%	67%
Overall MEDIUM-TERM risk category	HIGH	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	LOW	HIGH	HIGH	HIGH	MEDIUM	HIGH	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH	HIGH	MEDIUM	HIGH	HIGH	LOW
Heat map for long-term risks in the EU countries	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE
S2 indicator - Baseline scenario	6.7	2.4	4.8	-1.7	2.0	-0.4	4.0	-1.7	5.9	3.1	0.7	0.9	0.7	1.3	4.4	8.6	4.3	9.4	4.5	3.3	3.8	-1.4	3.7	6.2	9.9	3.3	-0.6
S1 indicator - Baseline scenario	5.3	1.6	3.0	-2.7	1.2	-0.9	1.7	0.3	5.4	3.5	0.5	3.4	-0.4	1.3	3.3	3.5	2.5	4.4	2.8	2.5	3.2	0.6	4.7	4.7	8.7	2.0	-2.2
Overall LONG-TERM risk category	HIGH	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	LOW	MEDIUM	HIGH	MEDIUM	HIGH	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	HIGH	HIGH	MEDIUM	LOW

Source: Commission services.