

Mr Valdis Dombrovskis
Mr Pierre Moscovici
European Commission
Brussels

Madrid, 30th October 2017

Dear Vice-President,
Dear Commissioner,

Thank for your letter dated 27th October on Spain's Draft Budgetary Plan (DBP).

As you are aware, the Spanish Draft Budgetary Plan has been elaborated on a "no policy change" scenario. The underlying premises are prudent and include a forecasted slight slowdown of the economic activity in Spain for next year. This deceleration under a constant policy scenario brings about an estimated deficit of 2.3% for 2018. According to the latest budget execution data, Spain is expected to comply with the fiscal target of 3.1% for 2017, with very low risk. This places Spain in a good starting fiscal position for 2018.

I would like to reiterate the Spanish government's commitment with the compliance of the Stability and Growth Pact. As soon as the circumstances allow it, Spain will take the necessary measures to ensure the compliance with the headline deficit target of 2.2% for 2018.

When the new Budget Plan is presented to Parliament, the Spanish government will submit an updated Draft Budgetary Plan to the Commission and to the Eurogroup. The updated budget will include economic policy measures to guarantee compliance with the budgetary stability objectives for 2018, set out in the Council decision under Article 126(9) TFEU of 8th August 2016. In particular, it will include a nominal fiscal target of 2.2%.

Yours sincerely,

