



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL  
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 27 October 2023  
ECFIN/MV

Ms Leena Mörntinen  
Permanent Under-Secretary  
Ministry of Finance  
Snellmaninkatu 1 A PO Box 28  
FI-00023 GOVERNMENT Helsinki

Dear Ms Mörntinen,

Thank you for the submission of Finland's Draft Budgetary Plan (DBP) for 2024, which we received on 9 October.

We are writing to ask for clarifications on the compliance of Finland's DBP for 2024 with the Council Recommendation of 14 July 2023<sup>1</sup>.

The Council recommended Finland to wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. It also recommended Finland to ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 2.2%. The recommendation also called on Finland to preserve nationally financed public investment and ensure the effective absorption of RRF grants and of other Union funds, in particular to foster the green and digital transitions.

According to a preliminary analysis by my services, the DBP of Finland results in a nominal increase in nationally financed net primary expenditure (henceforth, net expenditure) in 2024 of 4.8%, which exceeds the maximum recommended growth rate of 2.2% by a large margin. This means that net expenditure is planned to exceed the recommendation by 1.3% of GDP in 2024.

At the same time, we note that Finland's headline budget deficit is planned to increase from 2.4% of GDP in 2023 to 3.2% in 2024, above the Treaty reference value of 3% of GDP, while the government debt ratio is also planned to increase from 74.2% of GDP in 2023 to 76.8% in 2024.

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<sup>1</sup> Council Recommendation on the 2023 National Reform Programme of Finland and delivering a Council opinion on the 2023 Stability Programme of Finland, OJ C 312, 1.9.2023, p. 8-9.

As our preliminary analysis points to a risk of net expenditure exceeding that recommended by the Council, we would like to invite you to provide further information on the drivers of net expenditure in 2024.

We look forward to receiving your views by 3 November, which would allow the Commission to take them into account in its further analysis.

Yours sincerely,

Electronically signed

Maarten VERWEY