



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 27 October 2023
ECFIN/MV

Mr Peter Paluš
Head of Financial Unit
Permanent Representation of the
Slovak Republic to the EU
Avenue de Cortenbergh 79
BE-1000 Brussels, Belgium

Dear Mr Paluš,

Thank you for the submission of Slovakia's Draft Budgetary Plan (DBP) for 2024, which we received on 12 October.

We are writing to ask for clarifications on the compliance of Slovakia's DBP for 2024 with the Council Recommendation of 14 July 2023¹.

The Council recommended Slovakia 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 Slovakia to ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 5.7%. The recommendation also called on Slovakia 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 Slovakia results in a nominal increase in nationally financed net primary expenditure (henceforth, net expenditure) in 2024 of 7.7%, which exceeds the maximum recommended growth rate of 5.7% by a large margin. This means that net expenditure is planned to exceed the recommendation by 0.8% of GDP in 2024.

At the same time, we note that Slovakia's headline budget deficit is planned to increase from 6.2% of GDP in 2023 to 6.5% in 2024, well above the Treaty reference value of 3% of GDP, while the government debt ratio is also planned to increase from 57.1% of GDP in 2023 to 60.0% in 2024.

¹ Council Recommendation on the 2023 National Reform Programme of Slovakia and delivering a Council opinion on the 2023 Stability Programme of Slovakia, OJ C 312, 1.9.2023, p. 9-10.

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 acknowledge that the DBP has been submitted by a caretaker government and that it is based on a no-policy change scenario and only includes the policy measures adopted to date. We understand that Slovakia will submit an updated Draft Budgetary Plan for 2024 as soon as the draft budget law for 2024 is approved by the government and sent to the Slovak Parliament.

We look forward to 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