

CMTEA Workshop

“Revival of the medium-term outlook in times of crisis”

Friday, 1st February 2013, 9.30



Federal Planning Bureau, 47-49 avenue des Arts, 1000 Brussels
(4th floor, room Terwagne)

In the recent past, medium-term projections were given less attention than short-term analyses. However, things appear to have evolved and mid-term prospects seem to be enjoying a renewed interest. Since the outbreak of the financial crisis, many countries have been confronted with large imbalances in terms of high unemployment, unused production capacities or financial deficits. In the longer term, demographic changes, including population ageing, are likely to cause massive changes in the composition of GDP. Addressing these various challenges can only be considered in the context of medium- and long-term scenarios.

Medium-term outlooks and European economic governance

Until recently, Member States (MS) had to submit Stability and Convergence Programs to the Commission and the Council by 1 December of each year. However, the economic crisis highlighted the need to tackle macroeconomic imbalances more systematically. In 2010, EU ministers agreed to create a “European semester for economic governance” to assess national economic and fiscal policies at EU level before they are adopted by MS.

Under this system, the six-month cycle starts in January, when the Commission publishes the Annual Growth Survey. Member States then present and discuss their medium-term budget strategies through Stability and Convergence Programmes and outline planned action in areas such as employment, research, innovation, energy and social inclusion in their NRPs. These two documents are sent to the Commission for assessment in April.

In recent months, economic and fiscal governance in the EU and the euro area has been further strengthened by the introduction of the “six-pack” and the Treaty on Stability, Coordination and Governance (TSCG). The “six-pack provides, in particular, that “the stability programme shall be based on the most likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most recently updated Commission forecasts and, if appropriate, those of other independent bodies.”

Finally, the “two-pack” is still being discussed between the European Commission, the Council and the Parliament. The two-pack should be applicable to euro area MS only and should further strengthen the surveillance mechanisms in the euro area. “Independent macroeconomic forecasts” should be used by MS when they make their fiscal plans.

The need for coherent macroeconomic projections

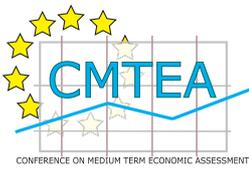
Facing these medium-term challenges, and under the new forward-looking governance rules, it has become absolutely essential that national fiscal authorities have access to high-quality medium-term macroeconomic projections. These outlooks should provide a clear picture of the macroeconomic and no-policy-change budgetary paths of the different MS over the coming years. Evaluation of the impact of budgetary or other measures should also be available.

Objectives of the workshop

The workshop aims to examine in depth the process of producing and using macroeconomic projections.

Which assessment tools are used? Should these tools be revised to meet new governance requirements? How are budgetary measures taken into account (or not)? All these questions can be addressed during the workshop. But other questions may also arise: How transparent are medium-term exercises? Which national bodies carry them out? How is the independence of the process ensured? What is the interaction between international and national projections? And last but not least, how can these outlooks influence the coordination of macroeconomic policies?

The target audience includes: practitioners of the medium-term projections; macroeconomic modellers; officials responsible for the SCP and the NRP, etc.



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Programme

9:00 - 9:30	Registration
9:30 - 9:45	Welcome
9:45 - 10:30	OECD long-term projections for the global economy (David Turner, OECD)
10:30 - 11:15	EU growth prospects for the next 10 years (Kieran Mc Morrow, European Commission)
11:15 - 11:45	Coffee break
11:45 - 12:30	Multivariate Models of Potential Output (Junior Maih, IMF)
12:30 - 13:30	Lunch break
13:30 - 14:00	Germany's production potential: outlook and current challenges (Kai Hielscher, Federal Ministry of Economics and Technology)
14:00 - 14:30	Medium term macroeconomic and public finances projections: the Italian experience (Marco Cacciotti, Ministry of Economics and Finance)
14:30 - 15:00	Medium term projections in France : framework and practice (Aurélien Daubaire, Ministry of Economics, Finance and Industry)
15:00 - 15:30	Coffee break
15:30 - 16:00	An integrated approach for establishing public finance forecasts : a detailed view on expenditures (the case of Luxembourg) (Ferdy Adam, STATEC and Raoul Wirtz, Ministry of Finances)
16:00 - 16:30	Medium-term macroeconomic projections in a multiregional federal state : the case of Belgium (Delphine Bassilière and Didier Baudewyns, Federal Planning Bureau)
16:30	Conclusions

The workshop will be in English. It is free of charge.

You can register either online: http://www.plan.be/press/event_det.php?lang=en&TM=30&IS=68&KeyPub=27
or by mailing to Béatrice Duquet (bd@plan.be) or faxing (fax: 02/507.73.73) her the attached form.

Closing date for registration: 25 January 2013. Registrations are limited to 70.