

24 April 2020

No budgetary monitoring Spring Report this year, but a letter in response to the Stability Programme

The coronavirus crisis has a major negative impact on the Dutch economy and government finances, but the size and duration of the impact is still highly uncertain. Therefore, it is not worthwhile for the Advisory Division of the Council of State to compile the usual Spring Report this year. This was announced by the Advisory Division in a letter to the Minister of Finance.

The Advisory Division usually drafts a Spring Report every year in April, in line with its role as the independent fiscal monitoring institute. The Advisory Division bases its Spring assessment of government finances on forecasts produced by the CPB Netherlands Bureau for Economic Policy Analysis in the Central Economic Plan (CEP). However, this year it has not yet been possible for the forecasts to take into account the rapidly changing economic situation caused by the outbreak of the coronavirus.

Insight into measures and effects necessary over time

It is prudent for the government to play an active role and take emergency measures in the current crisis situation. These include measures to manage the coronavirus pandemic and their impact on health care, but also economic measures to limit the impact on the economy. It is currently impossible to effectively assess the impact of both types of measures on the government budget. In the 2021 Budget Memorandum the government must try and provide insight into how it will ensure government finances will remain sustainable in the medium term. In fact, this is a condition in the application of the so-called 'general escape clause' in European fiscal rules. The European Commission has activated this escape clause. The escape clause enables Member States to deviate from the path towards the medium-term objective, providing it does not jeopardise the sustainability of government finances in the medium term. The Advisory Division confirms that in the Stability Programme the government has complied with the request by the European Commission that Member States provide as much insight as possible into adopted and proposed measures and their corresponding economic effects.

Independent budgetary monitoring

The Advisory Division of the Council of State is assigned as the body that maintains independent supervision in the Netherlands on compliance with the fiscal rules agreed upon in the European Stability and Growth Pact. The Advisory Division publishes biannual fiscal reports, which corresponds to key moments in the budget cycle. In April, the Advisory Division publishes the Spring Report on the Stability Programme and in September it publishes the report on the Budget Memorandum and the State Budget.

Full text of the letter from the Advisory Division

Read the full text of the letter from the Advisory Division to the Minister of Finance on the Stability Programme [here](#).