

Rome, 17 October 2016

Dear Minister,

Law 243/2012 requires that the Parliamentary Budget Office (PBO) perform analyses, checks and assessments of the macroeconomic forecasts, following an annual schedule that also incorporates the performance of the functions assigned to it in a manner consistent with European Union legislation. Regulation (EU) 473/2013 requires that the macroeconomic forecasts used in preparing the Stability Programme be validated by an independent national institution.

The Memorandum of Understanding between the PBO and the Ministry for the Economy and Finance (MEF) of 15 September 2014 governs the process of validating macroeconomic forecasts.

Taking account of the uncertainty inherent in macroeconomic forecasts, the PBO has assessed the plausibility of the estimates on the basis of a range of acceptable values for the macroeconomic aggregates being validated.

The Board of the PBO – acting on the basis of the information provided by the Ministry for the Economy and Finance concerning the size and composition of the budget measures for 2017, which will generate net general government borrowing of 2.3 percent of GDP – hereby validates the 2016-2017 policy macroeconomic forecasts that will be published in the Draft Budgetary Plan for 2017, as they fall within the range deemed acceptable based upon currently available information.

A more detailed analysis of the reasons for the validation is forthcoming.

Sincerely,

Giuseppe Pisauro