Question for written answer E-001956/2024
to the Commission
Rule 144
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Subject: Debt sustainability analysis framework

Debt sustainability analysis (DSA) plays a key role in the reformed EU fiscal rules. DSA is used to assess how much fiscal adjustment is required to ensure that the public debt ratio is on a plausible downward trajectory. For the first round of 'reference trajectories' submitted to Member States in June 2024, the Commission used its existing DSA framework based on the last Debt Sustainability Monitor. It assumes a constant short-run fiscal multiplier of 0.75, a fast dissipation of the output effect of fiscal adjustment, and that fiscal consolidation efforts by trading partners do not spill over into domestic economic activity.

Against this background:

1. Can the Commission provide a justification for these assumptions?

2. How does the Commission justify its hypothesis according to which fiscal adjustment by a given government only affects domestic economic activities and does not spill over into other countries, considering its oft-repeated emphasis on the importance of accounting for how individual fiscal stances affect the euro area aggregate as a whole?

3. Can the Commission explain whether including spillover effects into other countries in the methodology could alter the results of the DSA, and if so, how?

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