

22 December 2021

## PRESS RELEASE

### **MFAC publishes its assessment of the Draft Budgetary Plan 2022**

On 22 December 2021, the Malta Fiscal Advisory Council (MFAC) presented to the Minister for Finance and Employment its assessment of the Draft Budgetary Plan 2022. Based on the information available by the Report's cut-off date, the Fiscal Council considered the macroeconomic and fiscal forecasts for 2021 and 2022 to be within its endorsable range, and compatible with the assumptions specified in the official document.

According to the government's forecasts, the economy is expected to recover gradually from the downturn recorded in 2020. Real GDP is forecast to grow by 4.8% in 2021, and economic growth is then expected to accelerate to 6.5% in 2022. In both years, public expenditure is planned to remain higher than revenue. In 2021, the fiscal deficit is expected to widen to 11.1% of GDP, thus lifting the public debt-to-GDP ratio further, to 61.3%. The government's plan is to gradually narrow the imbalance, with the target for the fiscal deficit in 2022 set at 5.6% of GDP. The lower fiscal deficit and the expansion in nominal GDP would allow the public debt ratio to stabilise at 61.8% of GDP in 2022.

The macroeconomic and fiscal forecasts for Malta prepared by the government fit within the range of estimates published by other independent institutions. The premise across all sets of forecasts is that the worst of the pandemic would be over by 2022, thereby enabling the economic recovery to proceed further, and the strong fiscal support to unwind according to the government's plan. Still, the Council considers that the uncertainty vis-à-vis the evolution of the pandemic, and its possible effects on economic and fiscal developments, remains high.

The full report, entitled "Assessment of the Draft Budgetary Plan 2022", is available on the website of the MFAC: <http://www.mfac.org.mt>.

22 ta' Diċembru 2021

## STQARRIJA GHALL-ISTAMPA

### Il-Kunsill Fiskali Konsultattiv Malti jippubblika I-evalwazzjoni tal-Pjan Baġitarju għall-2022

Fit-22 ta' Diċembru 2021, il-Kunsill Fiskali Konsultattiv Malti (MFAC) ippreżenta lill-Ministru għall-Finanzi u x-Xogħol I-evalwazzjoni tiegħu tal-Pjan Baġitarju għall-2022. Abbaži tal-informazzjoni disponibbli sakemm kien imħejji dan ir-Rapport, il-Kunsill Fiskali ikkunsidra I-aġġornament fit-tbassir makroekonomiku u fiskali għall-2021 u l-2022 bħala plawżibbli, u kompatibbli mas-suppożizzjonijiet speċifikati fid-dokument uffiċjali.

Skont it-tbassir tal-gvern, l-ekonomija hija mistennija li tirkupra gradwalment mit-tnejja irreġistrat fl-2020. Il-Prodott Gross Domestiku (PGD), f'termini reali, huwa mbassar li jikber b'4.8% fl-2021, u mbagħad jaċċellera għal 6.5% fl-2022. F'dawn is-sentejn, in-nefqa pubblika hija ppjanata li tibqa' ogħla mid-dħul. Fl-2021, id-defiċit fiskali huwa mistenni li jikber għal 11.1% tal-PGD, u b'hekk ikompli jgħollu l-proporzjon tad-dejn pubbliku mal-PGD, għal 61.3%. Il-pjan tal-gvern huwa li gradwalment inaqqas l-iżbilanċ, b'mira ta' 5.6% tal-PGD għad-defiċit fiskali fl-2022. Defiċit fiskali aktar baxx u t-tkabbir nominali fil-PGD jippermettu li d-dejn pubbliku jistabbilizza għal 61.8% tal-PGD fl-2022.

It-tbassir makroekonomiku u fiskali għal Malta ppreparati mill-gvern huma simili u qrib l-istimi ppubblikati minn istituzzjonijiet indipendent oħrajn. Il-premessa komuni fost dan it-tbassir hija li l-agħar tal-pandemja jkun għaddha sal-2022, biex b'hekk l-ekonomija tibda tirpilja, u s-sostenn fiskali jonqos skont kif ippjanat mill-gvern. Madankollu, il-Kunsill iqis li l-inċertezza fir-rigward tal-andament fil-pandemja, u l-effetti tagħha fuq l-ekonomija u l-finanzi tal-gvern, għadha għolja.

Ir-rapport shiħi, intitolat "Assessment of the Draft Budgetary Plan 2022", huwa disponibbli fuq is-sit elettroniku tal-MFAC: <http://www.mfac.org.mt>.