

M. Pierre MOSCOVICI
Commissaire européen aux Affaires économiques
et financières, à la fiscalité et à l'union douanière
Commission européenne
200 rue de la Loi
1049 Bruxelles
BELGIQUE

Paris, 18th May 2016

Dear Commissioner Moscovici,

On 2nd May, you presented the 2016 Spring Economic Forecast of the European Commission. Amongst the indicators used to build up the European Commission's scenario, you commented on the "potential growth", i.e. the growth of the potential gross domestic product, defined as the level of output that an economy can produce at a constant inflation rate, according to the OECD definition. As by definition, this indicator cannot be observed, it is calibrated based on several assumptions.

Of course, assumptions are critical, as they mathematically determine the level of potential growth, and so the requested fiscal consolidation for each country. As they are so critical, the IMF decided in 2013 to revamp its computation methodology, "recognizing mistakes" in the assessment of potential growth (<https://www.imf.org/external/pubs/ft/wp/2013/wp1301.pdf>).

It seems that the European commission is using assumptions that are not commonly used by the main economic institutes: the time horizon used is 2 years, whereas most of the economic institutes are using a time horizon greater than 4 years.

This is why, we, members of Budget and Finance committee of the national parliament of the 28 countries of the EU and of the European Parliament, are requesting you to provide us with revamped figures of the potential growth for Europe and for the 28 countries of the European union, based on new assumptions (i.e. taking a 4 years horizon instead of the 2 years one that is currently used). Based on these new figures of potential growth, we are also requesting you the revamped level of structural effort that is requested for each country.

We are looking forward to answering any question you would have about our request.

Yours sincerely,

Karine BERGER, France, Assemblée nationale

Valérie RABAULT, France, Assemblée nationale

Jean-Louis GAGNAIRE, France, Assemblée nationale

Pascal TERRASSE, France, Assemblée nationale
Pierre-Alain MUET, France, Assemblée nationale
Pervenche BERES, France, European Parliament
Maria João RODRIGUES, Portugal, European Parliament
Ana Maria GOMES, Portugal, European Parliament
Giampaolo GALLI, Italy, Camera dei Deputati
Emmanuel MAUREL, France, European Parliament
Pascal CHERKI, France, Assemblée nationale
Michel PAJON, France, Assemblée nationale
Olivier FAURE, France, Assemblée nationale
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Jan KRAINER, Austria, Nationalrat

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