

Brussels, 22 October 2014

Ares(2014) 3506019

STRICTLY CONFIDENTIAL

Dear Minister,

First and foremost, I would like to thank you for the submission of Italy's Draft Budgetary Plan (DBP) for 2015, which we received on 15 October and complementary tables on 16 October. I am also grateful for the letter accompanying the DBP and which clearly makes the case that the budgetary strategy of Italy is to be considered within the overall agenda for structural reform.

Compared to the 2014 Stability Programme, Italy's DBP postpones the achievement of the MTO to 2017 and slows down the reduction of the debt-to-GDP ratio in the coming years. As a result, the DBP plans to breach Italy's requirements under the preventive arm of the Stability and Growth Pact (SGP).

According to our preliminary analysis – on the basis of the recalculation by the Commission services using the commonly agreed methodology – Italy plans a significant deviation from the required adjustment path towards its medium-term budgetary objective (MTO) in 2015 based on the planned change in the structural balance. Moreover, the planned change in the structural balance for 2015 would also fall short of the change required to ensure adherence to the transition debt rule, since this requirement is even more stringent than the required adjustment path towards the MTO. Against this background, further exchanges of information have already taken place between your services and the Commission.

In line with the provisions of Article 7(2) of Regulation (EU) N° 473/2013 of 21 May 2013, I am writing to consult you on the reasons why Italy plans non-compliance with the SGP in 2015. I would also wish to know how Italy could ensure full compliance with its budgetary policy obligations under the SGP for 2015.

The Commission seeks to continue a constructive dialogue with Italy with the view to come to a final assessment. I would therefore welcome your view at your earliest convenience and if possible by 24 October. This would allow the Commission to take into account Italy's views in the further procedure.

Yours sincerely,



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