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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Council Recommendations allowing Member States to deviate from the maximum growth rates of net expenditure as set by the Council under Regulation (EU) 2024/1263 (Activation of the national escape clause)

Regulation (EU) 2024/1263 of the European Parliament and of the Council on the effective coordination of economic policies and on multilateral budgetary surveillance, together with the amended Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure, and the amended Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States are the core elements of the reformed EU economic governance framework.

The maximum growth rates of net expenditure as set in Council Recommendations in accordance with Articles 17(1) or 19 of Regulation (EU) 2024/1263 establish a budgetary constraint for four or five years, they are the single operational reference for the annual fiscal surveillance of each Member State and are at the centre of the new economic governance framework.

The framework provides for flexibility in the application of the rules in the event of exceptional circumstances outside the control of Member States that have a major impact on the public finances, in accordance with Article 26 of Regulation (EU) 2024/1263. In the latter case, following a request from a Member State and on a recommendation by the Commission based on its analysis, the Council may adopt a recommendation allowing a Member State to deviate from its maximum growth rates of net expenditure as set by the Council, where (i) exceptional circumstances outside the control of the Member State, (ii) have a major impact on the public finances of the Member State concerned, and (iii) provided that such deviation does not endanger fiscal sustainability over the medium term. The Council is to specify a time limit for such deviation.

In its Conclusions on European defence of 6 March 2025, the European Council welcomed the intention of the Commission to recommend the activation, in a coordinated manner, of the national escape clause under the Stability and Growth Pact.

Having assessed the requests by Member States to activate the national escape clause, the Commission submitted on 4 June 2025 to the Council 15 Recommendations for Council Recommendations allowing Member States to deviate from the maximum growth rates of net expenditure as set by the Council under Regulation (EU) 2024/1263.

The Council will proceed to the formal adoption of the Recommendations set out in the documents listed in the annex of this note.

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