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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	COUNCIL DECISION on the existence of an excessive deficit in Bulgaria

COUNCIL DECISION

on the existence of an excessive deficit in Bulgaria

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Article 126(6) thereof,

Having regard to the proposal from the European Commission,

Having regard to the observations made by Bulgaria,

Whereas:

- (1) Article 126(1) of the Treaty on the Functioning of the European Union provides that Member States shall avoid excessive government deficits.
- (2) The Stability and Growth Pact (SGP) is based on the objective of sound and sustainable government finances as a means of strengthening the conditions for price stability and for strong, sustainable and inclusive growth underpinned by financial stability, thereby supporting the achievement of the Union's objectives for sustainable growth and employment.
- (3) The excessive deficit procedure under Article 126 TFEU, as clarified by Council Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure¹, which is part of the SGP, provides for a decision on the existence of an excessive deficit. Protocol No 12 on the excessive deficit procedure, annexed to the Treaty on the European Union and the TFEU, sets out further provisions relating to the implementation of the excessive deficit procedure. Council Regulation (EC) No 479/2009² lays down detailed rules and definitions for the application of those provisions.

¹ Council Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, ELI: <http://data.europa.eu/eli/reg/1997/1467/2024-04-30>) as last amended by Council Regulation (EU) 2024/1264 of 29 April 2024 (OJ L, 2024/1264, 30.4.2024).

² Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (OJ L 145, 10.6.2009, ELI: <http://data.europa.eu/eli/reg/2009/479/2014-09-01>) as last amended by Commission Regulation (EU) No 220/2014 of 7 March 2014 as regards references to the European system of national and regional accounts in the European Union (OJ L 69, 8.3.2014).

- (4) According to Article 126(5) TFEU, if the Commission considers that an excessive deficit in a Member State exists or may occur, it is to address an opinion to the Member State concerned and shall inform the Council accordingly. Having taken into account its report adopted pursuant to Article 126(3) TFEU and having regard to the opinion of the Economic and Financial Committee adopted pursuant to Article 126(4) TFEU, the Commission concluded that an excessive deficit exists in Bulgaria. On 25 June 2026, the Commission therefore addressed such an opinion to Bulgaria and informed the Council accordingly.³
- (5) Article 126(6) TFEU provides that the Council is to consider any observations, which the Member State concerned may wish to make before deciding after an overall assessment, whether an excessive deficit exists. In the case of Bulgaria, the overall assessment leads to the conclusions set out below.

³ All EDP-related documents for Bulgaria can be found at: https://economy-finance.ec.europa.eu/economic-governance-framework/stability-and-growth-pact/corrective-arm-excessive-deficit-procedure/excessive-deficit-procedures-overview/bulgaria_en.

- (6) According to the data provided by Eurostat on 22 April 2026⁴, the general government deficit in Bulgaria reached 3.5% of GDP in 2025. While Bulgaria did not report a planned deficit for 2026 to Eurostat, the Commission Spring 2026 Forecast projected a 2026 deficit for Bulgaria at 4.1% of GDP.⁵ The actual government deficit in 2025 and the projected deficit for 2026 are above and not close to the 3% of GDP Treaty reference value, and the deficits in excess of the Treaty reference value are not considered temporary. Based on the Commission Spring 2026 Forecast, the general government deficit is projected to continue exceeding 3% of GDP in 2027. On 8 July 2025, the Council activated the national escape clause to facilitate an increase in defence expenditure in Bulgaria, during the period 2025–2028⁶. Based on this, the Commission's report under Article 126(3) TFEU considered that the deficit in excess over the Treaty reference value of 3% of GDP in 2025 is exceptional, as this can be fully explained by an increase in defence spending since the reference year 2024, while this is not the case for the projected deficit in excess of the reference value for 2026.
- (7) According to the data provided by Eurostat on 22 April 2026⁷, the general government debt stood at 29.9% of GDP in 2025, which is below the reference value of 60% of GDP. Thus, the debt criterion in the Treaty is fulfilled.

⁴ Eurostat Euro Indicators published on 22 April 2026 (<https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-22042026-ap>), in accordance with Article 14 of Council Regulation (EC) No 479/2009.

⁵ European Commission Spring 2026 Forecast (European Economy Institutional Paper 341, May 2026).

⁶ Council Recommendation of 8 July 2025 allowing Bulgaria 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), (OJ C, C/2025/3961, 20.8.2025, ELI: <http://data.europa.eu/eli/C/2025/3961/oj>).

⁷ Eurostat Euro Indicators published on 22 April 2026 (<https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-22042026-bp>), in accordance with Article 14 of Council Regulation (EC) No 479/2009.

- (8) In line with the requirements of Article 126(3) TFEU, the Commission also analysed all the relevant factors in its report under Article 126(3) TFEU. As laid down in Article 2(4) of Regulation (EC) No 1467/97, whenever the government debt-to-GDP ratio does not exceed the reference value, relevant factors will be taken into account in the steps leading to the decision on the existence of an excessive deficit based on the deficit criterion.
- (9) Overall, the relevant factors examined in the report under Article 126(3) TFEU are assessed as aggravating for Bulgaria. Overall, taking into account all relevant factors as appropriate and, in particular, as the deficit is increasing to well above 3% of GDP in 2026, the deficit criterion, as defined by the Treaty and Regulation (EC) No 1467/97, is not fulfilled.
- (10) Article 2(5) of Regulation (EU) No 1467/97 establishes that, if a national escape clause is activated, the Commission and the Council may decide not to reach a conclusion regarding the existence of an excessive deficit.⁸ However, as the projected deficit in excess of the reference value for 2026 cannot be fully explained by an increase in defence expenditure since the reference year of 2024 (*cf.* recital 6), Article 2(5) does not apply.

⁸ In line with the Commission Communication of 19 March 2025, C(2025) 2000 final, if the national escape clause for defence spending is activated, the Commission and Council may decide not to reach a conclusion regarding the existence of an excessive deficit in case of an excess of the deficit exceeding 3% of GDP, when this is due to an increase in defence expenditure.

HAS ADOPTED THIS DECISION:

Article 1

From an overall assessment it follows that an excessive deficit exists in Bulgaria due to non-compliance with the deficit criterion.

Article 2

This Decision is addressed to the Republic of Bulgaria.

Done at Brussels,

For the Council

The President
