

EN
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Answer given by Mr Dombrovskis
on behalf of the European Commission
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The reform of the Stability and Growth Pact that entered into force in spring 2024 put in place a balanced framework that accommodates spending on common priorities of the EU while maintaining sound and sustainable public finances in Member States.

Member States are free to decide the composition of their budget and how to implement the required fiscal adjustment. In addition, Regulation 2024/1263¹ explicitly indicates that social and economic resilience is a common priority in the EU. As a result, an increase in healthcare investment may be put forward in Member States' medium-term fiscal-structural plans within a package of investments and reforms that underpin a more gradual fiscal adjustment, up to seven years instead of four years.

The general escape clause is a provision to deal with extraordinary circumstances. Article 25 of Regulation 2024/1263 specifies that it can be activated by the Council in the event of a severe economic downturn in the euro area or the EU as a whole. It allows Member States to deviate (initially for a period of one year with the possibility to extend annually) from their net expenditure path as set by the Council, provided that it does not endanger fiscal sustainability over the medium term.

¹ <https://eur-lex.europa.eu/eli/reg/2024/1263/oj/eng>