

(English version)

Question for written answer E-002965/25
to the Commission
Moritz Körner (Renew)
(17 July 2025)

Subject: German budget deficit

Germany recently reformed its national debt brake. The reform comprises three key elements. The federal states will have their own net borrowing capacity of 0.35% of GDP per year. The Federal Government adopted a new special investment fund for infrastructure and climate protection worth EUR 500 billion, in addition to the existing special defence fund of EUR 100 billion. Defence and security expenditure will in future be explicitly exempted from the debt brake. According to the Federal Ministry of Defence, the following defence budgets are planned for the coming years:

2025: EUR 62.43 billion

2026: EUR 82.69 billion

2027: EUR 93.35 billion

2028: EUR 136.48 billion

2029: EUR 152.83 billion

1. What annual government deficits does the Commission expect for Germany from 2025 to 2029, as a percentage of GDP and in absolute terms?
2. How high can Germany's annual deficit be between 2025 and 2029 if it applies the national escape clause in full?
3. In such a case, what would the maximum annual expenditure volume available to Germany be without infringing the rules of the Stability and Growth Pact?

Submitted: 17.7.2025

Answer given by Mr Dombrovskis on behalf of the European Commission
(5 September 2025)

The latest forecast for the German general government deficit by the Commission was published on 19 May 2025 ⁽¹⁾, as part of the European Commission Spring 2025 forecast. This forecast covers 2025 and 2026, with projected deficits of 2.7% and 2.9% of gross domestic product (GDP), respectively.

These estimates do not incorporate the policy intentions of the new government, as they were not sufficiently detailed at the time of the forecast's cut-off date. The next forecast — the autumn 2025 forecast — is set to be published by mid-November and will include projections for 2025 to 2027.

Germany submitted its medium-term fiscal structural plan to the Commission on 17 July 2025. The plan puts forward maximum growth rates of net primary expenditure for the 2025-2029 period and is currently being assessed by the Commission.

The plan is required to comply with the rules of the Stability and Growth Pact, which sets the maximum allowed expenditure growth based on various factors, such as public deficit levels and potential economic growth.

If the plan is assessed positively, the Commission will recommend that the Council adopt a recommendation setting out a net expenditure path for Germany in line with the plan.

The National Escape Clause for defence spending provides budgetary flexibility and is applied *ex post* in the Commission's assessment of compliance with the net expenditure path recommended by the Council.

It covers a period of four years (2025-2028) and allows for a deviation of up to 1.5% of GDP from the recommended net expenditure path that is justified by additional defence expenditure compared to the 2021 level as a share of GDP.

⁽¹⁾ https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en.