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E-002966/2025

Answer given by Mr Dombrovskis
on behalf of the European Commission
(15.10.2025)

The Stability and Growth Pact's deficit reference value of 3% of Gross Domestic Product (GDP) has been breached since its inception in various instances, in particular during periods of economic downturn¹. During the 2009-2010 economic and financial crisis, 24 out of 27 Member States entered an excessive deficit procedure due to non-compliance with the deficit criterion. By 2018, all Member States had corrected their excessive deficits. Significant deviation procedures were opened for Romania (2017-2019) and Hungary (2018-2019) due to non-compliance with the preventive arm of the Stability and Growth Pact. An excessive deficit procedure was opened for Romania in early 2020. After the COVID-19 pandemic, excessive deficit procedures were opened for eight additional Member States (Austria, Belgium, France, Hungary, Italy, Malta, Poland and Slovakia) due to their deficits in excess of the 3% of GDP reference value.²

The Commission has so far not proposed financial sanctions in the context of the Stability and Growth Pact. In most cases, Member States acted upon the recommendations of the Council before the procedure reached the stage of sanctions. In 2016, Spain and Portugal failed to take effective action to correct their excessive deficits. The Commission proposed the cancellation of the fine to be imposed for both Member States following a reasoned request by the Member States concerned. Both proposals were adopted by the Council.

One of the objectives of the revised economic governance framework that entered into force last year is precisely to enhance Member States' ownership, compliance and enforcement, including through a more gradual system of financial sanctions.

¹ For a full analysis, see the Commission's Staff Working Document accompanying the 2020 review of the economic governance framework (SWD(2020) 210 final): https://economy-finance.ec.europa.eu/document/download/90074c4d-6bcd-4ee1-be53-ceb17c6bc548_en?filename=swd_2020_210_en.pdf.

² An overview of ongoing and closed excessive deficit procedures can be found here: https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/corrective-arm-excessive-deficit-procedure/excessive-deficit-procedures-overview_en.