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Answer given by Mr Dombrovskis
on behalf of the European Commission
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The Middle East conflict has triggered a renewed energy shock. The Commission's Spring 2026 Forecast projects slower growth and higher inflation. Following the recent US-Iran MoU in June oil prices dropped sharply. Subsequent lower energy inflation led the euro area inflation to fall from 3.2% in May to 2.8% in June. Re-escalation of the conflict, however, could affect the inflation outlook.

Significant structural adjustments in the EU that has led to rapid expansion of renewable energy generation help to mitigate the severity of the shock. It is now vital to further accelerate the transition towards a more resilient and less fossil fuel-dependent economy. To ensure coordination, the Middle East crisis Temporary State aid Framework¹ will enable Member States to support the most exposed sectors in a targeted and temporary manner. In addition, the AccelerateEU Communication² has proposed actions and practical examples³ to protect citizen from the energy shock and to accelerate the energy transition.

Fiscal measures can provide relief but cannot address the shortfall in energy supply. Member States need to ensure that emergency measures taken to reduce the economic and social impact of the energy crisis on households and businesses are temporary, targeted, timely, proportionate, and fiscally sustainable, and that they do not increase the demand for fossil fuels.⁴ A more expansionary fiscal stance would fuel inflation and further increase pressures on consumers' purchasing power.

¹ https://competition-policy.ec.europa.eu/state-aid/legislation/metsaf_en.

² https://energy.ec.europa.eu/document/download/7fac9eea-5717-4182-a368-bd68c427ff4c_en?filename=Communication.pdf.

³ https://energy.ec.europa.eu/news/commission-provides-eu-countries-practical-examples-address-energy-crisis-2026-05-13_en.

⁴ https://reforms-investments.ec.europa.eu/document/download/3d82055c-c275-478d-a139-ef39d2dee571_en?filename=COM_2026_200_1_EN_ACT_part1_v5.pdf.