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2025/0186 (NLE)

Proposal for a

**COUNCIL DECISION**

**on the existence of an excessive deficit in Austria**

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Proposal for a

# COUNCIL DECISION

## on the existence of an excessive deficit in Austria

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the European Commission,

Having regard to the observations made by Austria,

Whereas:

(1) According to Article 126 of the Treaty on the Functioning of the European Union (TFEU) 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 (EDP) under Article 126 TFEU, as clarified by Council Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure[1], 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 479/2009[2] lays down detailed rules and definitions for the application of those provisions. The Union's reformed economic governance framework, which came into force on 30 April 2024, includes Council Regulation (EU) 2024/1264, which amended Regulation (EC) No 1467/97. The reform kept the rules of the excessive deficit procedure due to non-compliance with the deficit criterion broadly unchanged, whereas for Member States with a government debt ratio above 60% of GDP the excessive deficit procedure due to non-compliance with the debt criterion will focus on departures from the recommended maximum growth rates of net expenditure[3] set by the Council under Regulation (EU) 2024/1263. Council

[1] OJ L 209, 2.8.1997, ELI: http://data.europa.eu/eli/reg/1997/1467/2024-04-30.

[2] OJ L 145, 10.6.2009, p. 1.

[3] According to Article 2(2) of Regulation (EU) 2024/1263, 'net expenditure' means government expenditure net of interest expenditure, discretionary revenue measures, expenditure on programmes of

Recommendation of [DATE] endorsing the medium-term plan of Austria[4] sets the recommended maximum growth rates of net expenditure for Austria with 2025 as the initial year, in annual and cumulative terms. The assessment of compliance with the debt criterion can only be undertaken once the outturn data for 2025 will be available in spring 2026. This Decision, therefore, only concerns the excess of the ratio of the government deficit to GDP with respect to the reference value of 3% of GDP, in line with existing legal provisions.

(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 Austria. On 20 June 2025, the Commission therefore addressed such an opinion to Austria and informed the Council accordingly.[5]

(5) Article 126(6) TFEU states 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 Austria, the overall assessment leads to the following conclusions.

(6) According to the data provided by Eurostat on 22 April 2025[6], the general government deficit in Austria reached 4.7% of GDP in 2024, and general government debt stood at 81.8% of GDP. In 2025, Austria's general government deficit is planned to reach 4.5% of GDP.[7] The Commission Spring 2025 Forecast[8] projects a deficit of 4.4% of GDP in 2025. The Commission's report under Article 126(3) TFEU considered that the excess of the deficit over the Treaty reference value of 3% of GDP in 2024 was exceptional, due to a prolonged recession in 2023 and 2024. The excess over the Treaty reference value is not close and is not temporary, based on the Commission Spring 2025 Forecast, which projects the general government deficit to remain above 3% of GDP in 2025 and 2026. Thus, the deficit criterion as defined by the Treaty and Regulation (EC) No 1467/97 is *prima facie* not fulfilled.

(7) 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, when assessing compliance on the basis of the deficit criterion, if the ratio of the government debt to GDP exceeds the

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the Union fully matched by revenue from Union funds, national expenditure on co-financing of programmes funded by the Union, cyclical elements of unemployment benefit expenditure, and one-offs and other temporary measures.

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

6 Eurostat Euro Indicators published on 22 April 2025 (https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-22042025-AP), in accordance with Article 14 of Council Regulation (EC) No 479/2009.

7 Planned deficit as reported to Eurostat in the context of Spring 2025 fiscal notification. See: https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables

8 European Economic Forecast - Spring 2025, *European Economy-Institutional Paper*, No 318, 19 May 2025.

reference value, relevant factors shall be taken into account in the steps following the report under Article 126(3) TFEU and leading to the decision on the existence of an excessive deficit only if – before these relevant factors are taken into account – the general government deficit remains close to the reference value and its excess over the reference value is temporary. In the case of Austria, the double condition is not met. Therefore, relevant factors are not taken into account in the steps leading to this decision.

HAS ADOPTED THIS DECISION:

*Article 1*

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

*Article 2*

This decision is addressed to the Republic of Austria.

Done at Brussels,

*For the Council*
*The President*