

## **Economic governance framework: Council sets fiscal expenditure paths for 21 member states**

As the next step in the implementation of the EU's new fiscal rules, the Council today adopted recommendations endorsing the first-ever medium-term fiscal-structural plans and setting the net expenditure paths for 21 member states.

The medium-term fiscal-structural plans are a cornerstone of the new economic governance framework. The plans contain member states' fiscal trajectory, together with envisaged reforms and investments. They contribute to strengthening member states' debt sustainability and promoting sustainable and inclusive growth.

The net expenditure paths, contained in the national medium-term fiscal structural plans constitute the single operational indicator for fiscal surveillance at EU level. This budgetary constraint will frame national fiscal policies for the coming four to five years and help determine whether member states are on a path towards achieving or keeping healthy finances.

Now that the Council has adopted its recommendations, member states have certainty as regards the budgetary paths they will follow in the upcoming years, and they can plan accordingly.

Today, the Council greenlighted the net expenditure paths and medium-term fiscal-structural plans of Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

For the five member states that requested an extension of the fiscal adjustment period to seven years (Finland, France, Italy, Romania and Spain), the Council also endorsed the set of reform and investment commitments underpinning this extension.

A key objective of all plans is to ensure that, by the end of the fiscal adjustment period, general government debt is on a plausibly downward trajectory, or stays at prudent levels, and that the government deficit is brought and maintained below the reference value of 3% of GDP over the medium term. The standard fiscal adjustment period is 4 years. An extended 7-year fiscal adjustment period can lead to a lower fiscal adjustment need per year.

### **Background**

Under the new economic governance framework, which has been in force since the end of April 2024, member states are asked to submit national medium-term fiscal-structural plans which cover 4 to 5 years. The plans are a cornerstone of the new economic governance framework.

The plans aim to ensure that by the end of the adjustment period, general government debt is on a plausibly downward trajectory, or stays at prudent levels, and that the government deficit is kept below or brought and maintained below the reference value of 3% of GDP over the medium term.

The plans also lay out reforms and investments responding to the main challenges identified in the context of the European Semester and addressing the common priorities of the EU. To that end, each plan includes a commitment to a net expenditure path, which effectively establishes a budgetary constraint for the duration of the plan, covering four or five years (depending on the regular term of legislature in a member state).

Based on an assessment of the plan by the Commission, the Council adopts a recommendation in which it sets the net expenditure path of the member state concerned and, where applicable, endorses the set of reform and investment commitments underpinning an extension of the fiscal adjustment period.

#### **Council recommendation endorsing the national medium-term fiscal-structural plan of:**

- [Croatia](#)
- [Cyprus](#)
- [Czech Republic](#)
- [Denmark](#)

- [Estonia](#)
- [Finland](#)
- [France](#)
- [Greece](#)
- [Ireland](#)
- [Italy](#)
- [Latvia](#)
- [Luxembourg](#)
- [Malta](#)
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- [Romania](#)
- [Slovakia](#)
- [Slovenia](#)
- [Spain](#)
- [Sweden](#)
  
- [Economic governance framework \(background information\)](#)
- [The European Semester explained \(background information\)](#)
- [Excessive deficit procedure \(background information\)](#)

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