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Recommendation for a

COUNCIL RECOMMENDATION

Allowing Greece to deviate from the maximum growth rates of net expenditure as set by the Council under Regulation (EU) 2024/1263

(Activation of the national escape clause)

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121 thereof,

Having regard to Regulation (EU) 2024/1263 of the European Parliament and of the Council on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97[1], and in particular Article 26 thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) Regulation (EU) 2024/1263, together with the amended Regulation (EC) No 1467/97[2], and the amended Council Directive 2011/85/EU[3] are the core elements of the EU economic governance framework. The framework aims at promoting sound and sustainable public finances and sustainable and inclusive growth and resilience through reforms and investments, and preventing excessive government deficits. It promotes national ownership and has a medium-term focus, combined with an effective and coherent enforcement of the rules.

(2) The maximum growth rates of net expenditure as set in a Council recommendation in accordance with Articles 17(1), 19 or 20 of Regulation (EU) 2024/1263 are the single operational reference for the annual fiscal surveillance of each Member State and are at the centre of the new economic governance framework. The maximum growth rates of net expenditure as set by that Council Recommendation establish a budgetary constraint for four or five years, which is based on an adjustment period of four years that can be extended by an additional period of up to three years.

(3) The framework provides for flexibility in the application of the rules in the event of exceptional circumstances outside the control of Member States that have a major impact on the public finances, in accordance with Article 26 of Regulation (EU) 2024/1263 ("national escape clauses"). In the latter case, following a request from a Member State and on a recommendation by the Commission based on its analysis, the Council may within four weeks of the Commission recommendation adopt

[1] OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj.

[2] Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6, ELI: http://data.europa.eu/eli/reg/1997/1467/2024-04-30).

[3] Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ L 306, 23.11.2011, p. 41, ELI: http://data.europa.eu/eli/dir/2011/85/2024-04-30).

a recommendation allowing a Member State to deviate from its maximum growth rates of net expenditure as set by the Council, where (i) exceptional circumstances outside the control of the Member State (ii) have a major impact on the public finances of the Member State concerned, and (iii) provided that such deviation does not endanger fiscal sustainability over the medium term. The Council is to specify a time limit for such deviation.

(4) Russia's war of aggression against Ukraine and its repercussions constitute an existential challenge for the European Union. The Commission has invited Member States to request the activation of the national escape clause of the Stability and Growth Pact in a coordinated manner to support the EU efforts to achieve a rapid and significant increase in defence spending[4] and this proposal was welcomed by the European Council of 6 March 2025.

(5) Following the request of Greece, on 8 July 2025 the Council, upon a recommendation from the Commission, adopted a Recommendation allowing Greece to deviate from the recommended maximum growth rates of net expenditure for increases in defence expenditure[5]. The period when the national escape clause is activated (2025-2028) allows Greece to reprioritise government expenditure or increase government revenue so that lastingly higher defence expenditure would not endanger fiscal sustainability in the medium term.

(6) In its communication of 3 June 2026, the Commission announced that the scope of the national escape clause could be extended to accommodate the measures decided by the Member States after 28 February 2026, which strengthen the structural resilience of the European energy system and accelerate the transition away from fossil fuels (henceforth, "energy security measures")[6]. On 18 August 2026, the Commission published a Notice with further guidance to Member States on the scope and design of the additional flexibility for energy security measures[7]. In order to limit risks for the sustainability of public finances, the existing cap of 1.5% of GDP remains unchanged and applies to both the defence- and energy-related flexibility. Furthermore, the budgetary cost of energy security measures that would benefit from flexibility should not exceed 0.3% of GDP per year, while the cumulative cost of these measures by end-2028 should not exceed 0.6% of GDP.

(7) On 6 August 2026, Greece submitted a request, to the Council and the Commission, to extend the application of the national escape clause to include additional measures enhancing energy security. In its request, Greece underlines the repercussions of military action in the Persian Gulf, which endangers Europe's long-term energy security. This situation is an exceptional circumstance outside the control of the Member State and requires a significant increase in government spending to reduce the

[4] Communication from the Commission, 'Accommodating increased defence expenditure within the Stability and Growth Pact', Brussels, 19.3.2025, C(2025) 2000 final.

[5] Council Recommendation of 08 July 2025 allowing Greece to deviate from the maximum growth rate of net expenditure as set by the Council under Regulation (EU) 2024/1263 (Activation of the national escape clause), (OJ C, C/2025/3965, 20.8.2025, ELI: http://data.europa.eu/eli/C/2025/3965/oj).

[6] Communication from the Commission on the 2026 European Semester – Spring Package (COM(2026)200 final).

[7] Commission Notice – Guidance to Member States on Broadening the Scope of the National Escape Clause for Energy Security, (OJ C, C/2026/4514, 18.8.2026, ELI: http://data.europa.eu/eli/C/2026/4514/oj).

dependence on, and vulnerabilities related to, imported fossil fuels and thereby contribute to energy security.

(8) In its request, Greece presents an initial list of planned nationally financed energy security measures with a direct budgetary impact, decided after 28 February 2026, that aim at reducing the dependence on imported fossil fuels and strengthen Europe's security. The envisaged measures support investments in e.g. photovoltaic panels, clean energy storage, heat pumps and water heaters, energy upgrades of public buildings and infrastructure, as well as improvements of the railway system. Based on a preliminary assessment, these envisaged measures could fall within the scope of the flexibility for energy security. This initial assessment does not prejudge future assessments of eligibility to be carried out by the Commission. The measures should be targeted and cost-effective and designed to maximise impact in terms of their contribution to decarbonisation and/or energy savings. For instance, the energy upgrades of buildings and infrastructure should be sufficiently ambitious, e.g. to achieve energy savings in buildings that correspond to medium or deep renovations. Where relevant, related infrastructure needs, notably new or upgraded grid capacity, will also need to be considered.

(9) An assessment of the eligibility in terms of scope, additionality and targeting/cost effectiveness of concrete measures, and of their budgetary impact, will be carried out by the Commission as part of its regular fiscal surveillance, in particular to determine the flexibility from energy security measures that should be considered when setting out the control account for Greece and assessing compliance with the recommended maximum growth rates of net expenditure.

(10) To this end, Greece should twice a year report to the Commission the list of concrete energy security measures that it considers eligible for flexibility under the national escape clause and provide evidence regarding their eligibility and budgetary impact. This regular reporting on energy measures will form part of the bi-annual fiscal surveillance process. The spring reporting should include measures and their budgetary cost for the previous year and their forecast for the current year, while the autumn reporting should include measures for the current year, as well as measures for the following year, which have been adopted or credibly announced in sufficient detail. This will enable the Commission to take into consideration in its fiscal surveillance the concrete measures to enhance energy security, within the maximum annual and cumulative caps of 0.3 and 0.6 percent of GDP, respectively.

(11) This recommendation supersedes Recommendation C/2025/3965[8].

(12) This recommendation does not modify the definitions of government deficit, debt and net expenditure, and related concepts. Data based on these concepts are to be compiled and reported by Greece in accordance with Regulation (EU) 2024/1263, Council Regulation (EC) No 479/2009[9] and Regulation (EU) No 549/2013[10].

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[8] Council Recommendation of 8 July 2025 allowing Greece to deviate from the maximum growth rate of net expenditure as set by the Council under Regulation (EU) 2024/1263 (Activation of the national escape clause), (OJ C, C/2025/3965, 20.8.2025, ELI: http://data.europa.eu/eli/C/2025/3965/oj).

[9] Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (OJ L 145, 10.6.2009, p. 1-9, ELI: http://data.europa.eu/eli/reg/2009/479/2014-09-01).

HEREBY RECOMMENDS:

1. Until 2028, Greece is allowed to exceed the maximum growth rates of net expenditure as set by Council Recommendation C/2025/661[11] to the extent that the net expenditure in excess of those maximum growth rates is not more than

   (i) the sum of:

   (a) the increase in defence expenditure in percent of GDP since 2024 (reference year);

   (b) the budgetary cost of eligible measures which enhance energy security during the period 2026-2028, capped at 0.3 percent of GDP per year and 0.6 percent of GDP in cumulative terms over the same period;

   (ii) provided that the total deviation in excess of the maximum growth rates of net expenditure does not exceed 1.5 percent of GDP.

2. In the years after 2028, Greece may still deviate and exceed the maximum growth rates of net expenditure as set by a Council Recommendation in accordance with Articles 17, 19 or 20 of Regulation (EU) 2024/1263, to the extent that the net expenditure in excess of these maximum growth rates is related to deliveries of military equipment contracted before end-2028 and remains within the overall cap mentioned above.

3. In accordance with Article 22(7) of Regulation (EU) 2024/1263, the deviations from the maximum growth rates of net expenditure as set by the Council that are allowed by this Recommendation will not be recorded as debits in the control account of Greece.

4. In order to ensure correct recording of the additional expenditure, Greece is to include actual and planned data on total defence expenditure (COFOG division 02), including on defence investment (COFOG division 02 P.51) and any expenditure to be financed by SAFE loans that are not covered in COFOG-02:

   (a) for years 2021 through year T-1 (with year T being the current year) in the reporting to the Commission (Eurostat) in accordance with Council Regulation (EU) No 479/2009;

   (b) for years 2021 through year T (current year), in national medium-term fiscal structural plans and in annual progress reports in accordance with Articles 11(1) and 15, and 21(1) of Regulation (EU) 2024/1263;

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[10] Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/549/2025-09-01).

[11] Council Recommendation of 21 January 2025 endorsing the national medium-term fiscal-structural plan of Greece (OJ C, C/2025/661, 10.2.2025, ELI: http://data.europa.eu/eli/C/2025/661/oj).

(c) for years T (current year) and T+1 in draft budgetary plans in accordance with Regulation (EU) No 472/2013 of the European Parliament and of the Council[12].

5. In order to ensure correct recording, Greece is to report to the Commission concrete measures enhancing energy security for the purpose of this recommendation in 2026-2028. The reporting to the Commission of these concrete measures should respect the reporting template to be provided by the Commission, including information on the state of implementation, evidence regarding their eligibility, and should be quantified in a transparent and prudent manner. The reporting is to take place twice a year, in spring by 15 April, and in autumn, in the context of draft budgetary plans, by 15 October.

This recommendation is addressed to the Hellenic Republic.

Done at Brussels,

For the Council
The President

[12] Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).