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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	COUNCIL RECOMMENDATION with a view to bringing an end to the situation of an excessive deficit in Belgium

COUNCIL RECOMMENDATION

with a view to bringing an end to the situation
of an excessive deficit in Belgium

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Article 126(7) thereof,

Having regard to the recommendation from the Commission, Whereas:

(1) According to Article 126 of the TFEU, Member States shall avoid excessive government deficits.

(2) The Stability and Growth Pact is based on the objective of sound 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) On 30 April 2024, the EU's reformed economic governance framework entered into force. The framework includes Regulation (EU) 2024/1263[1] of 29 April 2024 on the effective coordination of economic policies and multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97. It also includes Council Regulation (EU) 2024/1264 amending Council Regulation (EC) No 1467/97[2] on speeding up and clarifying the implementation of the excessive deficit procedure, as well as Council Directive (EU) 2024/1265[3] of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

(4) On 26 July 2024, the Council decided, in accordance with Article 126(6) TFEU, that an excessive deficit existed in Belgium due to non-compliance with the deficit criterion[4].

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1 OJ L, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj.
2 OJ L 209, 2.8.1997, ELI: http://data.europa.eu/eli/reg/1997/1467/2024-04-30.
3 OJ L, 30.4.2024, ELI: http://data.europa.eu/eli/dir/2024/1265/oj.
4 OJ L, 1.8.2024, ELI: https://eur-lex.europa.eu/eli/dec/2024/2125.

(5) Article 126(7) TFEU and Article 3(4) of Council Regulation (EC) No 1467/97 require the Council to adopt a recommendation addressed to the Member State concerned with a view to bringing the situation of excessive deficit to an end within a given period. In line with Article 3(4) of Council Regulation (EC) 1467/97, that recommendation is also to establish a maximum deadline of six months for effective action to be taken by the Member State concerned to correct the excessive deficit, which can be reduced to three months when warranted by the seriousness of the situation. Furthermore, in its recommendation, the Council is to recommend that the Member State implements a corrective net expenditure[5] path, which ensures that the general government deficit is brought and maintained below the 3% of GDP reference value within the deadline set in that recommendation. Where the excessive deficit procedure was opened on the basis of the deficit criterion, the corrective net expenditure path is to be consistent with a minimum annual structural adjustment of at least 0.5% GDP as a benchmark for the years when the general government deficit is expected to exceed the reference value. The Commission may, during a transition period in 2025, 2026 and 2027, adjust the benchmark to take into account the increase in interest expenditure when setting the proposed corrective path for those years, taking into account recital 23 of Council Regulation (EU) 2024/1264.

[5] 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 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.

(6) On 21 January 2025, the Council, acting upon a recommendation from the Commission, issued a recommendation under Article 126(7) TFEU with a view to bringing an end to the situation of an excessive government deficit in Belgium[6]. In that recommendation, the Council noted (*cf.* recital 16) that, upon submission of the national medium-term fiscal-structural plan by Belgium, its assessment by the Commission and endorsement by the Council, a new corrective net expenditure path could be recommended by the Council under Article 126(7) TFEU, upon a recommendation from the Commission. The present recommendation sets a new corrective net expenditure path, together with the endorsement of Belgium's medium-term fiscal-structural plan by the Council. The new corrective net expenditure path extends the fiscal adjustment period from 4 to 7 years.

(7) Real GDP in Belgium grew by 1.0% in 2024, mainly driven by robust private consumption. According to the European Commission Spring 2025 Forecast, the economy is expected to grow by 0.8% in 2025, on the back of a positive contribution from domestic demand while net exports are projected to contribute negatively. In 2026, real GDP is expected to increase by 0.9%, again driven by domestic demand and improved, although still negative, contribution from net export. The unemployment rate is expected to reach 6.1% in 2025 and 5.8% in 2026. Inflation is set to decrease from 4.3% in 2024 to 2.8% in 2025 and ease further to 1.8% in 2026.

(8) According to the data provided by Eurostat on 22 April 2025[7], the general government deficit in Belgium stood at 4.5% of GDP in 2024 and data provided on 16 April 2025 that the planned general government deficit for 2025 is 5.2% of GDP. The European Commission Spring 2025 Forecast projects a general government deficit of 5.4% of GDP in 2025 and 5.5% of GDP in 2026, thus above the reference value in both years. The structural deficit is projected at 4.8% in 2025 and is expected to decrease to 4.7% of GDP in 2026.

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6 All documents related to the excessive deficit procedure of Belgium 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/belgium_en.

7 Eurostat Euro Indicators published on 22 April 2025. See: https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-22042025-ap.

(9) General government debt stood at 104.7% of GDP at end-2024. According to the European Commission Spring 2025 Forecast, it is projected to increase to 107.1% of GDP at end-2025 and 109.8% of GDP at end-2026, thus remaining above the 60% of GDP reference value.

(10) On 18 March 2025, Belgium submitted its first national medium-term fiscal-structural plan, in accordance with Articles 11 and 36(1), point (a) of Regulation (EU) 2024/1263. The plan covers the period 2025–2029 and presents a fiscal adjustment over seven years. The Commission Recommendation of 21 May 2025 for a Council Recommendation endorsing the national medium-term fiscal-structural plan of Belgium for the years 2025 to 2029 and endorsing a set of reforms and investment commitments in the plan underpinning an extension of the adjustment period recommends a net expenditure path that factors in all the necessary requirements of a corrective path and should therefore be recommended as the corrective net expenditure path under the excessive deficit procedure. The corrective net expenditure path is considered to be consistent with a minimum annual structural adjustment of at least 0.5 % GDP as a benchmark for the years when the general government deficit is expected to exceed the reference value, in line with Regulation (EC) 1467/97. While the corrective net expenditure path in 2025 implies a structural adjustment of 0.25% of GDP, considering that the late formation of the government delayed the implementation of new measures, this is compensated by an adjustment exceeding 0.5% of GDP in the following years.

(11) Based on the net expenditure path, as the sole operational reference for monitoring compliance, which is set out in this recommendation and in the Council Recommendation endorsing the plan of Belgium, and based on the European Commission medium-term government debt projection framework and the European Commission Spring 2025 Forecast, the general government deficit is projected to decrease from 5.4% of GDP in 2025 to 2.9% by 2030. In its plan, Belgium expects the deficit to fall below the 3% deficit reference value earlier, in 2029, based on the plan's assumptions.

(12) Based on the corrective net expenditure path in this recommendation, the European Commission medium-term government debt projection framework, and the European Commission Spring 2025 Forecast, the general government debt would increase from 104.7% of GDP at end-2024 to 109.6% in 2029.

(13) Abiding by the recommended net expenditure path should secure a lasting correction of the excessive deficit, while concrete measures should be geared towards enhancing the quality and composition of the public finances, preserving investment and reinforcing the growth potential of the economy. Reforms of a fiscal and broader economic nature (including the reforms underpinning the extension of the adjustment period, as specified in Annex II of the Commission Recommendation of 21 May 2025 for a Council Recommendation endorsing the medium-term plan of Belgium), should improve the growth and resilience potential of the economy in a sustainable manner, and support fiscal sustainability.

(14) In line with Article 8(3) of Regulation 1467/97, a Council decision to abrogate the excessive deficit procedure shall only be taken pursuant to Article 126(12) TFEU where the deficit has been brought below the reference value and is projected by the Commission to remain so in the current and following year.

HEREBY RECOMMENDS:

1. Belgium should ensure that the nominal growth rate of net expenditure does not exceed the maxima established in Annex I.

2. Belgium should thus put an end to the excessive deficit situation by 2029.

3. The Council establishes the deadline of 15 October 2025 for Belgium to take effective action and present the necessary measures together with its 2026 Draft Budgetary Plan, to be submitted to the Commission in accordance with Article 6 of Regulation (EU) No 473/2013. Thereafter, Belgium should report on progress made in the implementation of this recommendation at least every six months, in the context of its annual progress report and draft budgetary plan, until the excessive deficit has been corrected.

This Recommendation is addressed to Belgium.

Done at Brussels,

For the Council
The President

ANNEX I

Maximum growth rates of net expenditure

(annual and cumulative growth rates, in nominal terms)

Belgium

Years		2025	2026	2027	2028	2029
Growth rates	Yearly	3.6	2.5	2.5	2.1	2.1
	Cumulative*	3.6	6.1	8.8	11.1	13.4

* The cumulative growth rates are calculated by reference to the base year of 2024.