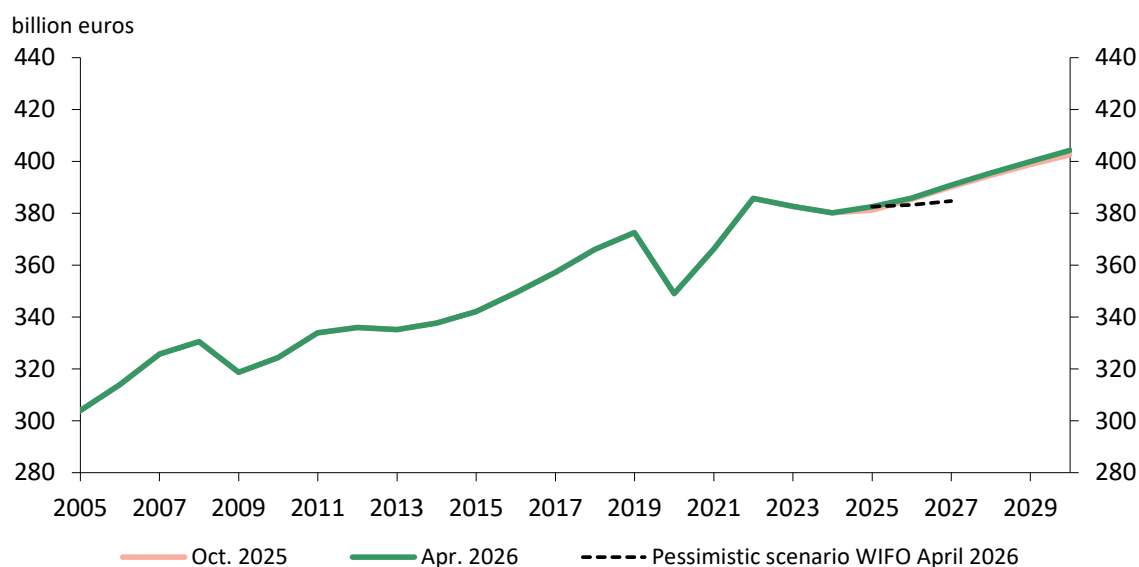


1 MAIN RESULTS

One year on following the adoption of the government programme and the presentation of the planned consolidation measures in the strategy report for 2025 to 2029, Austria's public finances remain strained. The federal government has agreed on a two-year budget for 2027 and 2028 with a view to reducing the deficit to 3% of GDP by 2028 by taking further consolidation steps. However, there are several cost-enhancing factors in government expenditure working against the consolidation efforts. What is more, government revenue is growing only moderately due to weak macroeconomic performance and proactive tax measures, such as the reduction of employers' contributions to the Family Burden Equalization Fund. Starting from already high levels, expenditure on health, long-term care and pensions will increase considerably given, among other things, the ongoing ageing of the population. Geopolitical uncertainties, such as Russia's war of aggression against Ukraine, underline the urgency of additional defence spending. The war in the Middle East has pushed up energy prices, leading to high macroeconomic uncertainty.

Chart 1: Change in real GDP



Source: WIFO medium-term forecasts.

Weak growth, higher inflation and rising interest rates make it more difficult to reduce the budget deficit

Consolidation efforts are taking place in an economic environment that remains subdued and is further dampened by the war in the Middle East. This fiscal forecast is based on the main scenario of the current forecast published by the Austrian Institute of Economic Research (WIFO), which expects the war in the Middle East to be short-lived and projects energy prices to gradually decline. The fiscal impact resulting from a protracted war in the Middle East and from more severe consequences for the real economy is outlined in Box 1. Comparing the GDP trajectories illustrated in Chart 1 reveals moderate revisions to real GDP in the main scenario compared with the WIFO forecast of October 2025; however, economic recovery will remain slow. Following real GDP growth of 0.6% in 2025, the WIFO anticipates real GDP growth to come to 0.9% in 2026 and to average 1.1% per year in the period from 2026 to 2030. The war in the Middle East is having a more pronounced effect on price developments: Due to higher energy prices, CPI inflation has been revised upwards to 2.7% in 2026 and 2.3% in 2027; according to the WIFO, the 2% inflation target will only be met again from 2029 onwards. Inflation risk also comes with budgetary risk. While higher inflation pushes up revenue more strongly than expenditure in the short term,

expenditure-side effects will prevail in the medium to long term, causing the budget deficit to widen. At the same time, fiscal consolidation and increased uncertainty are dampening nominal private consumption growth. Similarly, compensation per employee is growing at a slower pace than had been expected last autumn, resulting in weaker growth of wage- and consumption-related government revenue. By contrast, gross operating surpluses – which have been revised upwards considerably against the autumn forecast – will underpin the growth of profit-related taxes, especially of personal and corporate income taxes. The ten-year government bond yield of 3.0% to 3.2%, as forecast by the WIFO, will lead to significant increases in expenditure on interest payments.

Box 1: High fiscal risks caused by macroeconomic uncertainty

Given the high level of uncertainty surrounding the duration and the future course of the war in the Middle East, the WIFO has calculated three scenarios (main scenario, optimistic scenario and pessimistic scenario). The Fiscal Advisory Council's forecast is based on the main scenario. This box also illustrates how less favourable developments in the real economy would affect the government budget.

The key difference between the main scenario and the pessimistic scenario lies in the assumptions concerning the duration of the war in the Middle East and the assumed energy price developments. The main scenario expects the war to be short-lived; after the war, energy prices are projected to decline gradually. In the pessimistic scenario, however, the war in the Middle East is expected to last until the end of the summer of 2026, resulting in damage to key energy infrastructure. This scenario projects crude oil prices to rise to USD 120 per barrel and to remain at that level until September 2026, before falling back to below USD 90 per barrel in early 2027. Natural gas prices will remain at EUR 70 per MWh until February 2027 and will only decline slowly thereafter. For 2026 as a whole, crude oil prices are assumed to average USD 88 per barrel in the main scenario, and USD 106 per barrel in the pessimistic scenario. For natural gas prices, the main scenario assumes an annual average of EUR 49 per MWh, while the pessimistic scenario assumes EUR 64 per MWh. In 2027, the differences between the two scenarios remain pronounced: In the main scenario, crude oil prices come to USD 76 per barrel and to USD 80 in the pessimistic scenario; natural gas prices amount to EUR 37 per MWh in the main scenario compared with EUR 58 in the pessimistic scenario. In the latter scenario, higher energy prices are expected to weigh on domestic production, households' real disposable incomes and expectations of businesses and households. As a result, the expected economic recovery would turn out to be significantly weaker.

While the WIFO forecasts real GDP growth to come to 0.9% in 2026 and 1.3% in 2027 in its main scenario, real GDP growth would amount to a mere 0.2% in 2026 and 0.4% in 2027 in the pessimistic scenario. At the same time, inflation would be significantly higher than in the main scenario, coming to 4.1% in 2026 and 3.5% in 2027.

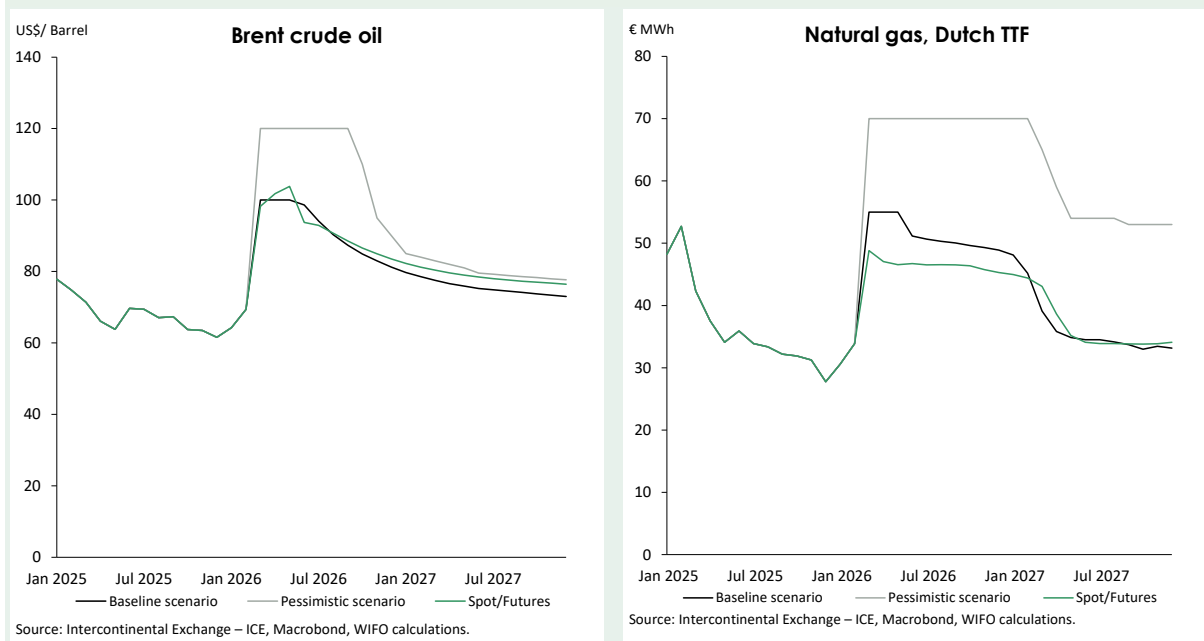
Weaker growth in the real economy would also be reflected in the budget deficit. Under the pessimistic scenario, the general government budget deficit would be around 0.4 percentage points of GDP higher in 2026 and around 0.9 percentage points of GDP higher in 2027 than under the main scenario, according to the Fiscal Advisory Council's assessment.

Table 1: Selected economic indicators for Austria from 2025 to 2027 broken down by scenarios

Annual change in % (unless indicated otherwise)	2025	WIFO short-term forecast			
		Baseline scenario		Pessimistic scenario	
		2026	2027	2026	2027
Gross domestic product					
Nominal GDP	3.8	3.1	3.5	2.4	2.8
Real GDP	0.6	0.9	1.3	0.2	0.4
Private consumption, real					
	0.5	0.5	0.6	0.2	0.1
Prices					
Consumer price index (national definition)	3.6	2.7	2.3	4.4	3.5
GDP deflator	3.2	2.2	2.2	2.2	2.4
Labor market					
Unemployment rate, national concept ¹⁾ (in %)	7.4	7.4	7.1	7.5	7.6
Energy commodity prices					
Brent crude oil	68.2	88.0	76.0	106.0	80.0
Natural gas, Dutch TTF	36.7	48.0	37.0	64.0	58.0

1) Unemployed according to AMS in % of employees.
Source: Statistics Austria, Austrian Institute of Economic Research (WIFO).

Chart 2: Development of energy prices compared with the projections underlying the WIFO March forecast

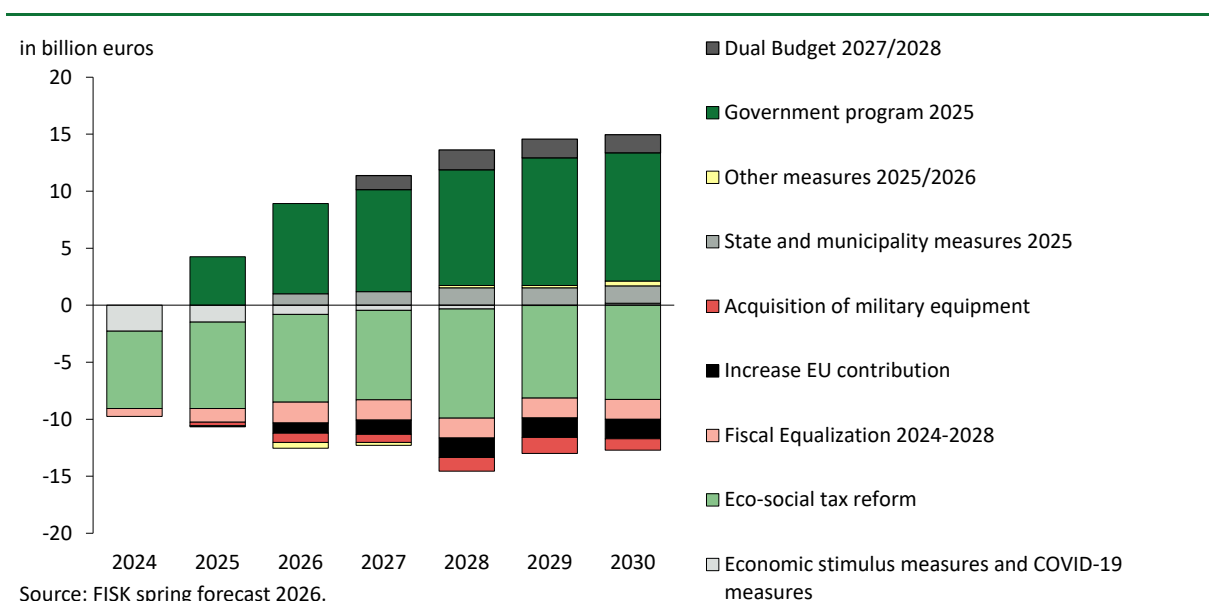


The trend in energy prices observed since the WIFO forecast currently points more towards the main scenario than the pessimistic scenario. Chart 2 compares spot and futures prices with the projections underlying the two scenarios, revealing that, although crude oil prices have recently been slightly above those assumed in the main scenario, they remain well below the assumptions in the pessimistic scenario. Natural gas prices have recently been below the levels assumed in the main scenario. The pessimistic scenario therefore remains a relevant downside risk, although it currently appears less likely based on current market expectations.

Consolidation measures are not sufficient to meet the 3% deficit threshold

In order to reduce the high deficit ratios of 4.6% in 2024 and 4.2% in 2025, the federal government and the subsectoral levels of government have undertaken considerable consolidation efforts; however, there are several cost-enhancing budget areas working against these efforts. The federal government announced its consolidation plans in the government programme and the strategy report for 2025 to 2029, and has since supplemented its plans by individual measures, such as the 2026 pension adjustment and the 2027–2028 budget (Chart 3¹). The Fiscal Advisory Council’s forecast assumes that the federal government’s low pay deals for 2026 to 2028 will, for the most part, be adopted at the regional and local government levels.

Chart 3: Budgetary impact of selected economic policy measures compared with 2019



Note on the eco-social tax reform: including the introduction of the climate bonus, carbon pricing and ETS II, tariff reform without inflation indexation of the tariff brackets. Note on the government program: including the abolition of the climate bonus.

According to the Fiscal Advisory Council’s forecast, the net consolidation volume of all government measures (starting with the measures set out in last year’s strategy report and running up to the 2027–2028 budget) will amount to EUR 6.7 billion in 2026, EUR 9.2 billion in 2027 and EUR 10.7 billion in 2028². By 2030, it will have climbed to EUR 12.1 billion. The budgetary impact is largely attributable to expenditure-based measures; around one-third of consolidation measures is revenue-based. We expect the measures envisaged in the two-year budget to contribute EUR 1.2 billion in 2027 and EUR 1.7 billion in 2028 to the net consolidation volume. The revenue-based measures in the two-year budget are primarily intended to finance the reduction of employers’ contributions to the Family Burden Equalization Fund by one percentage point from 2028 onwards, thus relieving the tax burden on labour. The

¹ Measures are assigned to those sets of measures under which they were originally introduced. Extensions, amendments or repeals of measures made at a later point will be included in the corresponding new set of measures. For instance, “climate bonus” payments were introduced as part of the eco-social tax reform, while their repeal came with the 2025 government programme.

² The significant increase in Austria’s EU payment contributions, as laid down in the EU’s multiannual financial framework from 2026 onwards, also contributes to the reduction in the net consolidation volume. Austria’s payment contributions will rise once again in 2028 due to the abolition of Austria’s gross national income (GNI) rebate. Negotiations on the EU’s medium-term financial framework from 2028 onwards have not yet been factored into the Fiscal Advisory Council’s forecast.

deviation in the net consolidation effect from the Federal Ministry of Finance's budget data is largely attributable to measures which, due to a lack of detail, have not been taken into account in the Fiscal Advisory Council's forecast. This applies, in particular, to measures aimed at reducing climate-damaging subsidies, unspecified expenditure cuts in ministries and cuts to party funding, as well as non-specific measures relating to unemployment insurance. Overall, the government's consolidation packages are capable of narrowing the gap between revenue and expenditure. However, the target of reducing the budget deficit to below 3% of GDP by 2028 will clearly not be met.

Structural reforms to improve the budget balance are lacking, budget deficits remain high in the medium term

In order to achieve sustainable and effective budget consolidation, the gap between government expenditure and revenue needs to be addressed (Chart 4). This gap emerged in 2020 at the onset of multiple crises and has widened following the high-inflation period inducing, in particular, a strong increase in social spending as a result of CPI indexation against the background of significantly weaker revenue growth. While consolidation efforts help narrow the gap between expenditure and revenue, they are unable to significantly change growth dynamics owing to a lack of structural measures. Moreover, there are several highly dynamic expenditure categories working against these efforts (Chart 5). Major investment projects within the Austrian armed forces, such as mobile air defence systems and Leonardo fighter jets, will contribute to the annual level of investment in national defence being EUR 1.1 billion higher in 2029 than in 2025, before declining somewhat in 2030. Spending on both inpatient and outpatient health care services has risen sharply in recent years. We expect health care spending to continue to rise significantly over the forecast horizon, given that efficiency gains and health care savings have so far not been addressed in the consolidation plans. This trend is particularly evident in the rise in spending on social benefits in kind (Chart 5), which largely reflects spending covered by the social security funds on health care services provided by registered doctors. Finally, interest payments are expected to increase by EUR 5.3 billion in the forecast period, partly due to the normalisation of market interest rates compared with the average interest rate for maturing government bonds issued during the low interest rate period.

A range of austerity measures is aimed at addressing the historically high level of social benefits, particularly in the case of pensions. These measures include, among other things, pension adjustments below the statutory adjustment factor between 2026 and 2028, limits to the "corridor pension" scheme, the abolition of study leave benefits and the temporary suspension of inflation adjustments of family benefits between 2026 and 2028. However, the ratio of monetary social benefits as a percentage of GDP will remain at elevated levels compared with the years prior to the high-inflation period. Despite austerity measures, the ratio will decline only marginally to 19.8% of GDP by the end of the forecast period in 2030.

On the revenue side, several measures are set to increase direct tax revenues, such as the suspension of the last third of the automatic inflation adjustment mechanism in place to counter income tax bracket creep until 2029. These are offset, however, by the ongoing effects resulting from the indexation to inflation under the Income Tax Act and the tax cuts introduced as part of the eco-social tax reform, as well as by modest growth of employee compensation. Direct taxes will therefore rise only slightly, by 0.3 percentage points to 14.3% of GDP until 2030. Revenues from indirect taxes³ are expected to decrease by 0.6 percentage points to 13.4% of GDP over the forecast horizon, with revenue growth being

³ Under the European System of Accounts (ESA) 2010, employers' contributions to the Family Burden Equalization Fund are classified under taxes on production and imports (D.2) and therefore under indirect taxes.

dampened by the reduction of employers' contributions to the Family Burden Equalization Fund and the subdued development of private consumption.

Chart 4: Change in nominal revenue and expenditure

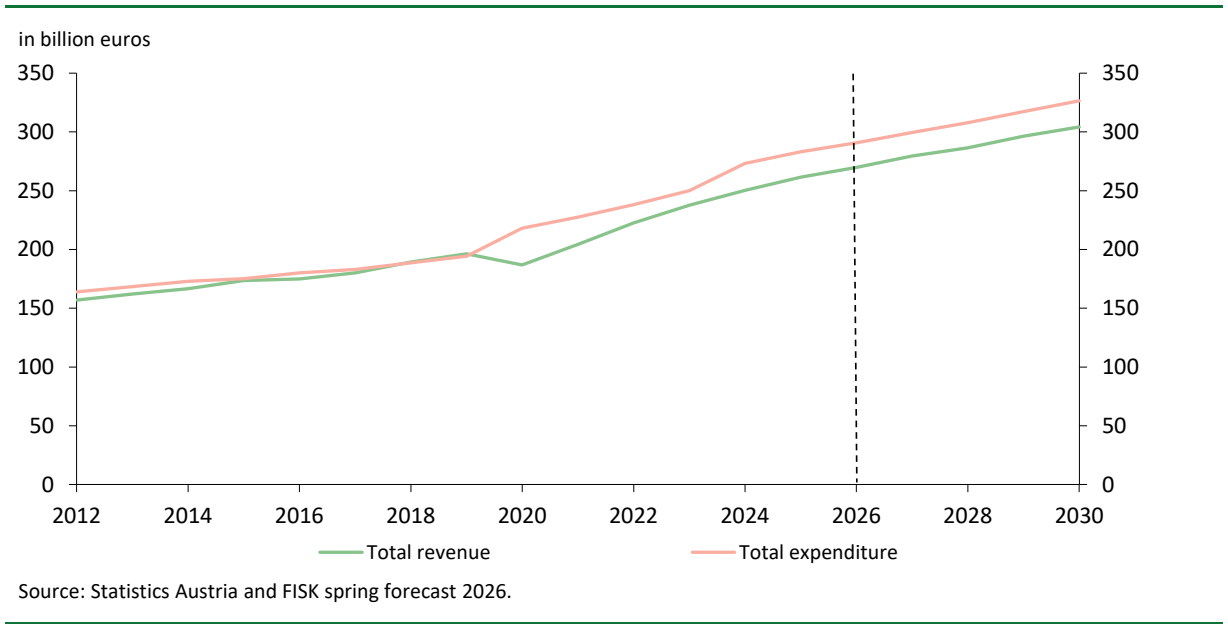
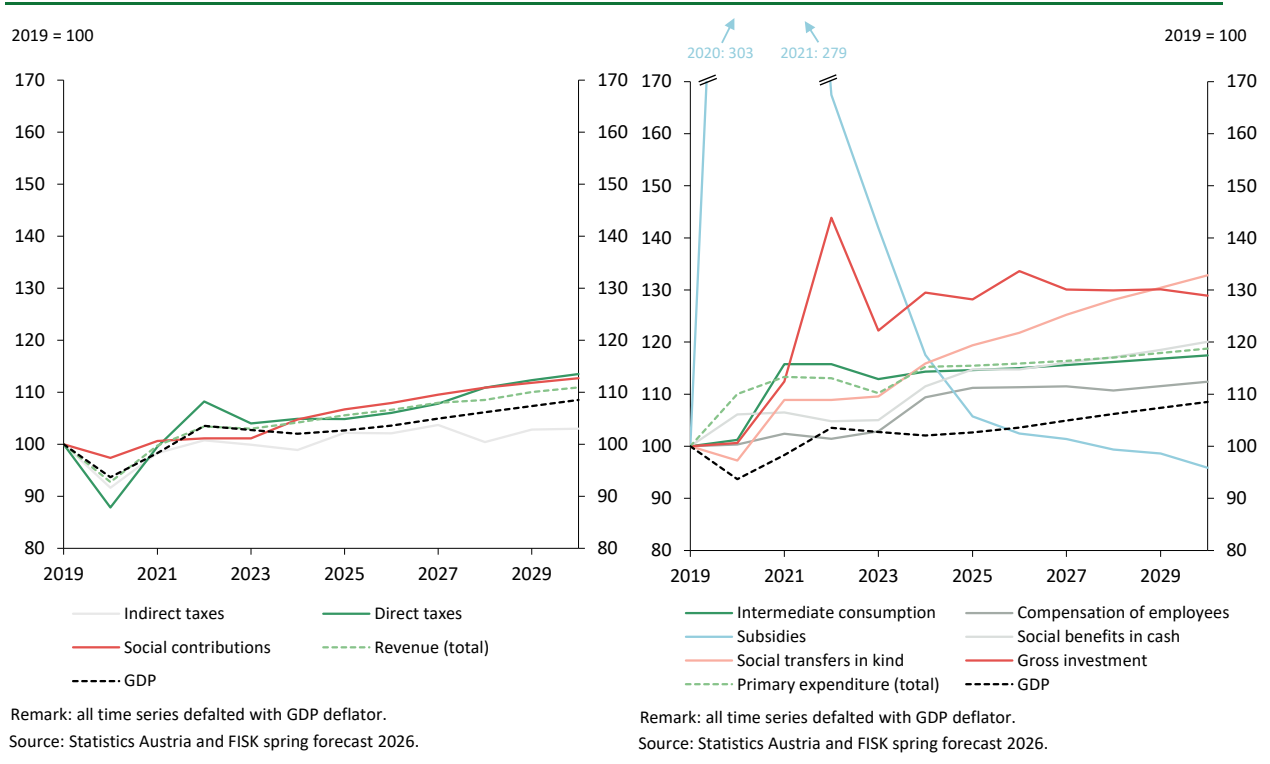


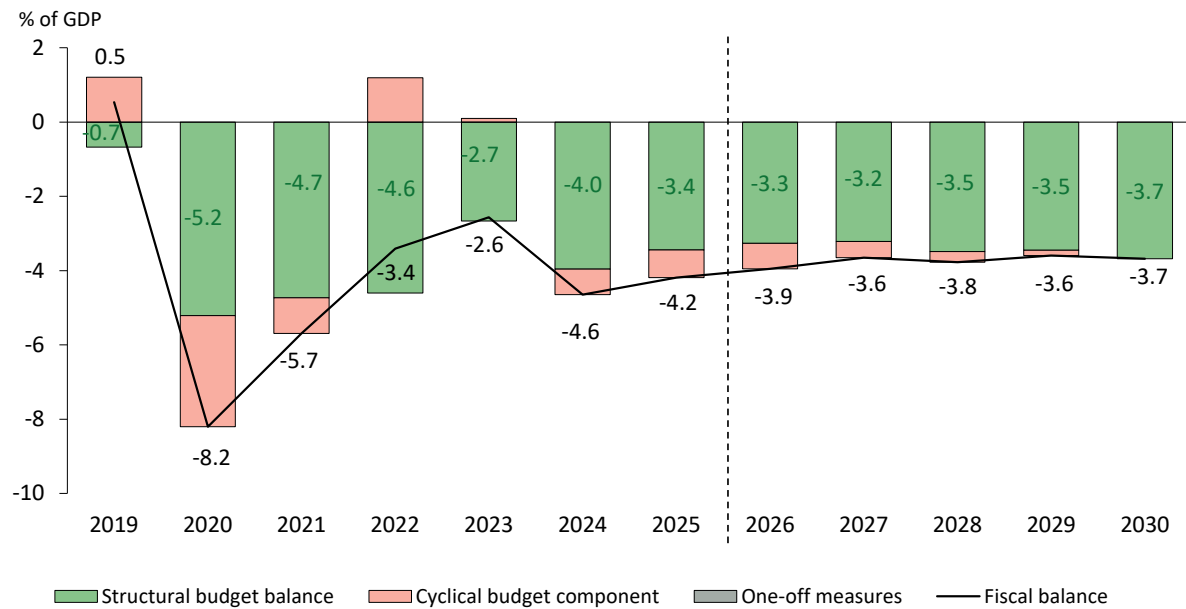
Chart 5: Real change in revenue and primary expenditure components since 2019 (=100)



Thanks to the consolidation measures taken, the rise in Austria's general government deficit has been halted and reduced. Compared to the previous year, the deficit will decline by 0.3 percentage points to

3.9% of GDP in 2026; 2027 will see a further improvement to 3.6% of GDP (Chart 6). The deficit increase to 3.8% of GDP in 2028 is due to a one-off accounting effect, in line with ESA, during the transition from the national CO₂ tax to European certificate trading under the European Emissions Trading System 2 (ETS II)⁴. In the last two years covered by the forecast, the deficit is expected to stagnate at a high level of 3.6% and 3.7% of GDP.

Chart 6: Austria's structural budget balance and its components from 2019 to 2030



Sources: Statistics Austria, FISK spring forecast 2026 and Strategy Report 2026 to 2030.

Austria's debt-to-GDP ratio will reach a historical high

The consolidation measures will lead to an improvement in the primary budget balance, from -2.6% of GDP in 2025 to -1.4% of GDP in 2030. However, in combination with the rise in interest payments relative to GDP, overall deficit levels continue to be high, leading to a steady increase in Austria's debt-to-GDP ratio over the entire forecast horizon (Chart 8). In 2025, the 80% threshold was again breached, as was the case during the pandemic, in 2020 and 2021. By 2030, the debt ratio will grow to 87.8% of GDP (Table 2), reaching an all-time high. The European Commission also expects Austria's debt ratio to rise further in the medium term. According to the European Commission's assessment, this means that Austria is one of the EU countries with high fiscal vulnerability (see Box 2). Sustainable fiscal policies must, at the very least, be geared towards stabilising the debt ratio in the medium term. According to the Fiscal Advisory Council's forecast, the expected budget deficits for all years are well above the rate at which the debt ratio could be stabilized, which is around 2.5% of GDP on average over the forecast period. Even if the budget plans proposed by the Ministry of Finance were fully implemented, the debt ratio would continue to rise.

⁴ The replacement of the national CO₂ tax with the ETS II will result in a one-off statistical revenue shortfall of approximately EUR 1.6 billion in 2028. This shortfall arises because revenues from certificate sales under ESA (as is the case with revenues from the ETS I) will not be recognised until the year following emissions. By contrast, revenues from the national CO₂ tax are recognised in the year emissions occur.

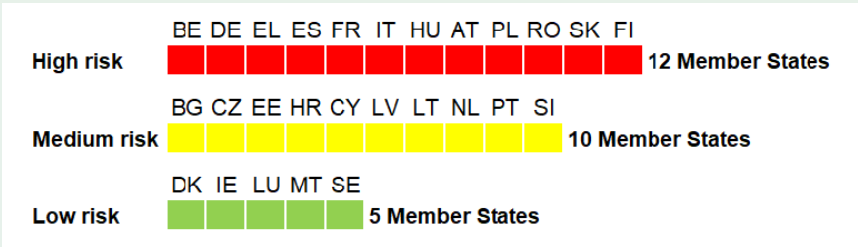
Box 2: European Commission classifies Austria as a high-risk country due to its high and increasing debt-to-GDP ratio

The latest Debt Sustainability Monitor (DSM) published by the European Commission (European Commission, 2026a) identifies fiscal vulnerability risks in EU member states. It assesses these risks in the short, medium and long term. According to the DSM report published in February 2026, which was based on the European Commission’s autumn 2025 forecast, Austria is one of the 12 EU member states that were found to be at high risk in the medium term (Chart 7). The high-risk classification is due to Austria’s currently high and still increasing debt-to-GDP ratio set to exceed 90% of GDP in the medium term. The European Commission’s spring forecast, published on 21 May 2026, expects a markedly restrictive fiscal stance for Austria, given the consolidation measures adopted last year and this year. However, according to the spring forecast, the debt-to-GDP ratio is expected to rise to 84.9% of GDP by 2027, thus still exceeding DSM projections by 0.7% of GDP.

In the European Commission’s view, the high risk of excessive debt levels in Austria relates, in particular, to the following factors:

- a rising debt-to-GDP ratio expected to increase beyond 90% of GDP;
- a significant rise in interest expenditure, as high deficits and maturing debt need to be refinanced at higher interest rates;
- limited scope for additional consolidation due to political constraints and decreased willingness to cut spending;
- substantial ageing-related spending pressures (pensions, health care, long-term care);
- high financing needs due to a combination of large deficits and refinancing;
- additional spending pressures in the areas of national defence, climate protection and technological transformation.

Chart 7: Medium-term risks to debt sustainability



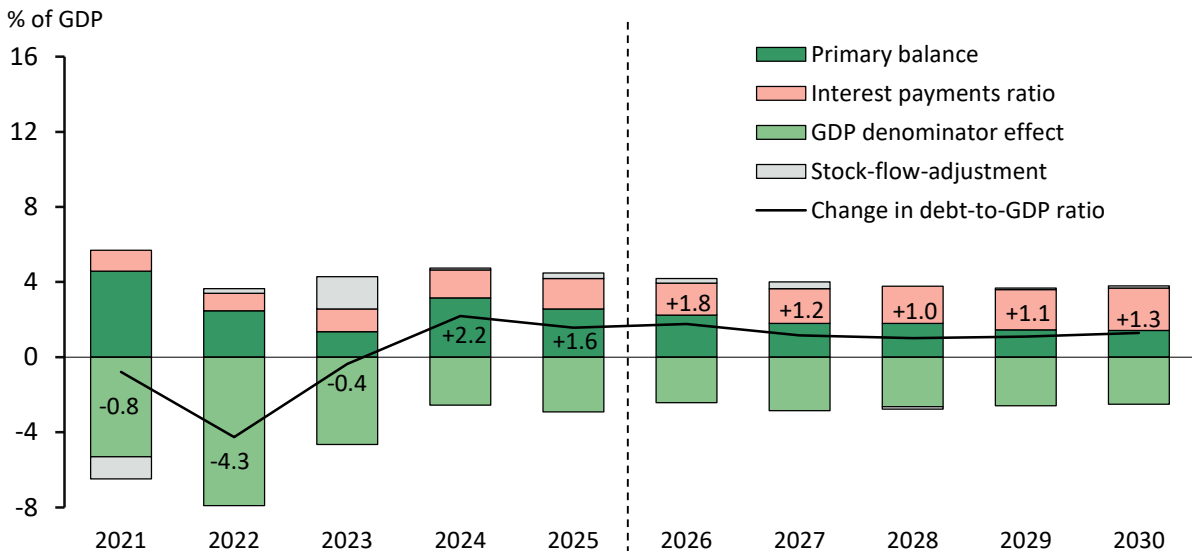
Source: European Commission, 2026a.

Austria’s current classification as a high-risk country has confirmed the European Commission’s 2025 assessment.

The European Commission classified the risks to the long-term sustainability of Austria’s public finances as “medium.” This assessment is based on a combination of two fiscal gap indicators measuring the fiscal effort required in 2027 to stabilise debt (S2 indicator) and to reduce debt in the long term to 60%

of GDP (S1 indicator).⁵ Medium risk stems both from projected increasing trends in ageing-related expenditure and from high initial levels of deficit or debt.

Chart 8: Components contributing to changes in Austria’s debt-to-GDP ratio from 2021 to 2030



*) - = reduction (+ = increase) of debt-to-GDP ratio.
Source: Statistics Austria, WIFO and FISK spring forecast 2026.

Despite major consolidation efforts, the federal government will clearly miss the budgetary objective under the Austrian Stability Pact

Budgetary developments vary across subsectors (Table 2): For the federal government sector, we expect the budget deficit to improve significantly in 2027, from -3.0% to -2.7% of GDP. In the following year, however, the deficit will fall back to its initial level, mainly due to two developments affecting the federal government exclusively or predominantly: the one-off effect resulting from the ETS II and the reduction of employers’ contributions to the Family Burden Equalization Fund. At 2.8% and 3.0% of GDP, the federal government deficit will remain close to the 3% mark also in the medium term. Consolidation efforts will largely be offset by substantial investment in the military and railways, as well as by rapidly increasing federal subsidies to the statutory pension scheme. The social security sector’s budget balance will continue to deteriorate slightly as a result of the increasing deficits of the statutory health insurance funds. Overall, from 2027 onwards, the federal government (including social security institutions) will breach the national fiscal rules under the Austrian Stability Pact 2025, which provides for a gradual reduction of the Maastricht deficit to 2.1% of GDP by 2029.

⁵ The S2 indicator measures the annual change in the structural primary balance required in 2027 to stabilise the debt-to-GDP ratio for an infinite time horizon. It is complemented by the S1 indicator, which measures the annual change in the structural primary balance required in 2027 to bring the debt-to-GDP ratio to 60% of GDP by 2070. For both indicators, the risk assessment depends on the amount of fiscal consolidation needed: “high risk” if the required effort exceeds 6% of GDP, “medium risk” if it lies between 2% and 6% of GDP, and “low risk” if the effort is negative or below 2% of GDP. Finally, the overall long-term risk classification brings together the risk categories derived from S1 and S2. S1 may notch up the risk category derived from S2 when it indicates a higher risk than S2.

Achieving the general government's objectives requires additional consolidation efforts by regional and local governments

For regional and local governments, we expect the budget balance to improve somewhat in the medium term. This is due to pronounced investment restraint and consolidation measures taken on the revenue side that the federal government must share with the regional and local governments. Nevertheless, in 2027 and 2028, regional and local governments (including Vienna) will fail to comply with national fiscal rules. At 0.9% of GDP, the budget deficit will exceed the upper limit by 0.1% of GDP above all in 2027.

Table 2: Main results of the Fiscal Advisory Council's forecast compared with the Ministry of Finance's strategy report

% of GDP	2025	FISK spring forecast 2026				
		2026	2027	2028	2029	2030
Fiscal balance	-4.2	-3.9	-3.6	-3.8	-3.6	-3.7
of which: Central govern. sector	-3.0	-3.0	-2.7	-3.0	-2.8	-3.0
of which: States govern. sector	-0.4	-0.4	-0.4	-0.3	-0.3	-0.2
of which: Local govern. sector (incl. Vienna)	-0.7	-0.5	-0.5	-0.4	-0.4	-0.3
of which: Social security sector	-0.1	0.0	-0.1	-0.1	-0.1	-0.2
Primary balance	-2.6	-2.2	-1.8	-1.8	-1.5	-1.4
Net primary expenditure (NPE), growth in %	2.0	2.0	2.1	2.9	2.1	2.8
General government debt	81.5	83.3	84.5	85.5	86.6	87.8
% of GDP	2025	MoF Strategy Report 2026 to 2030				
		2026	2027	2028	2029	2030
Fiscal balance	-4.2	-4.2	-3.5	-3.0	-2.8	-2.9
of which: Central govern. sector	-3.0	-3.0	-2.7	-2.3	-2.1	-2.2
of which: States and local govern. sector	-1.1	-1.1	-0.8	-0.7	-0.7	-0.6
of which: Social security sector	-0.1	-0.1	0.0	0.0	0.0	0.0
Primary balance	-2.6	-2.4	-1.6	-0.9	-0.6	-0.5
Net primary expenditure (NPE), growth in %	2.2	2.1	1.6	1.8	-	-
General government debt	81.5	82.9	83.6	83.8	84.2	84.6
NPE reference path, growth in %	2.6	2.2	2.2	2.0	2.3	-

Source: FISK spring forecast 2026, Strategy Report 2026 to 2030 and Statistics Austria.

Comparing the Fiscal Advisory Council's forecast with the Ministry of Finance's strategy report for 2026 to 2030 reveals differing assessments of medium-term budgetary developments. For 2026, the Fiscal Advisory Council forecasts a deficit ratio of 3.9% of GDP, which is slightly more favourable compared with the ratio indicated in the strategy report (4.2% of GDP). From 2027 onwards, however, it will be the other way round: The strategy report anticipates the deficit to drop to 3.0% of GDP in 2028 and to below 3.0% of GDP in the subsequent years, while the Fiscal Advisory Council expects the deficit to remain well above the 3% threshold. The increasing gap between the two forecasts primarily reflects different estimates of how the federal government sector will evolve. From 2028 onwards, this gap will widen significantly, particularly at the federal government level. This is also due to differing estimates of the increase in both Austria's EU payment contributions and the net contributions to fiscal consolidation under the 2027–2028 budget, each amounting to 0.1 percentage points from 2026 onwards. In 2030, the difference between the two forecasts will be 0.8 percentage points of GDP. In addition, the Fiscal Advisory Council expects slightly higher deficits in the social security sector over the entire forecast horizon.

Despite higher deficit levels, the debt-to-GDP ratio will rise at a slower rate in 2026, according to the strategy report. This rests, among other things, on an assessment by the Ministry of Finance concerning

the increase in Bundesschatz investments by public sector entities, which has a positive impact on the debt ratio since the Austrian Treasury consequently needs to raise smaller amounts on the capital market. According to the Fiscal Advisory Council’s forecast, from 2028 onwards, higher deficit levels will result in a greater increase in the debt ratio than projected in the strategy report.

Situation of excessive deficit will not end until 2028, reduction of the debt-to-GDP ratio outstanding

The net expenditure path set out in the Austrian fiscal structure plan and the ongoing excessive deficit procedure (EDP) determine the binding general government budget target for Austria. Maintaining the net expenditure path under the ongoing EDP is considered a sufficient adjustment (“effective action”), even if the deficit is not expected to fall below the threshold until 2028. Accordingly, for the period 2025 to 2031, average growth in net expenditure may not exceed 2.3% per year. Based on the Fiscal Advisory Council’s spring forecast, the net expenditure path will remain below its maximum permissible growth rate in all years except for 2028. In 2028, net expenditure will be well above its limit owing to the temporary drop in revenues resulting from the transition from the national CO2 tax to European certificate trading under the ETS II, with revenues from the ETS II only being recognised one year later. Since the limit breach in 2028 is attributable to this statistical effect, this will have no consequences under the EDP. The Ministry of Finance’s budget plans comply with the net expenditure path every year.

Table 3: Net expenditure path and control account balance

	2025	2026	2027	2028	2029
Net expenditure growth according to FISK-forecast	2.0%	2.0%	2.1%	2.9%	2.1%
Max. permissible net expenditure growth	2.6%	2.2%	2.2%	2.0%	2.3%
Control account balance in % of GDP¹⁾	0.3	0.4	0.5	0.0	0.1

1) Cumulative deviation from the net expenditure path. In the case of a negative/positive account balance, the extent to which the annual thresholds are exceeded/undercut predominates.

Red: Exceedance of the annual and/or cumulative threshold of 0.3% or 0.6% of GDP. ☒

Orange: Exceeding the annual permissible growth but falling short of the annual threshold. ☒

Green: Compliance with the annual permissible growth.

Sources: Fiskalrat (Spring forecast) und EC.

Despite complying with the net expenditure path, the deficit is not expected to fall below the Maastricht limit of 3% of GDP by 2028, according to the Fiscal Advisory Council’s spring forecast. Consequently, for the EDP to be closed, the Fiscal Advisory Council sees the need for additional consolidation of EUR 5.7 billion in 2028 (taking into account negative macroeconomic feedback effects). In order to permanently remain below the 3% deficit threshold, an additional need for consolidation of EUR 3.7 billion remains, even if the “implementation gap” totalling EUR 0.4 billion identified by the Fiscal Advisory Council is closed under the consolidation package of the 2027–2028 budget and the one-off statistical effect totalling EUR 1.6 billion is taken into account.

After abrogation of the EDP, the EU fiscal rules demand a reduction in the debt ratio of at least 0.5% of GDP annually, which is why deficits must be well below the Maastricht limit of 3% of GDP (at no more than 2.0% of GDP on average).