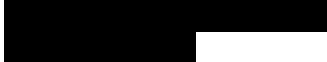


Ms Stephanie Lose,
President (ECOFIN),
Council of the European Union

Mr Valdis Dombrovskis,
Commissioner for Economy and Productivity;
Implementation and Simplification,
European Commission

Markus Marterbauer
Minister of Finance


Johannesgasse 5, 1010 Vienna
Austria

Vienna, 11 December 2025

Ref: Austrian request to activate the National Escape Clause to accommodate increased defence expenditure within the Stability and Growth Pact

Dear President Lose,
Dear Commissioner Dombrovskis,

On 6 March 2025, the European Council welcomed the intention of the Commission to recommend to the Council the activation, in a coordinated manner, of the national escape clause under the Stability and Growth Pact to accommodate higher defence spending. The Commission Communication (C(2025)2000 final) of 19 March 2025 proposes a framework for the application of flexibility under the EU fiscal framework.

The geopolitical security situation has unfortunately deteriorated in the course of this year. Against this backdrop, the Austrian Ministry of Defence most recently ordered new fighter jets. Following careful consideration, and in light of our commitment to neutrality and solidarity, we have decided to request the activation of the national escape clause (NEC) for the period from 2025 to 2028. By submitting the application now, we aim to ensure that Austria is treated equally alongside the other 16 Member States for which the Council has activated the NEC defence for the full permitted period.

This request is in accordance with Article 26 (1) of Regulation (EU) 2024/1263, and considering the Commission Communication mentioned above.

Article 26 (1) of Regulation (EU) 2024/1263 establishes that the national escape clause can be activated if three conditions are met: (i) there are exceptional circumstances outside the control of the Member State, (ii) those circumstances have a major impact on the public finances of the Member State concerned, and (iii) the deviation from the net expenditure path as set by the Council does not endanger fiscal sustainability over the medium term:

1. As acknowledged by the European Council, the urgency for the EU Members States to significantly increase their defence spending results from the repercussions that Russia's continued war of aggression against Ukraine has for European and global security in a changing environment. This situation is an exceptional circumstance outside the control of each Member State.

2. The government of Austria considers that this exceptional circumstance requires a significant build-up of defence capabilities with a major impact on its public finances. According to the available statistics published by Eurostat and the national statistical institute, general government total defence expenditure (government expenditure by function (*COFOG division 02*) in Austria amounted to 0.6 percent of GDP in 2021, 0.6 percent in 2022, 0.6 percent in 2023, and 0.7 percent in 2024. Defence spending is estimated at 0.8 percent of GDP in 2025 and 1.0 percent of GDP in 2026, according to the double budget for 2025 and 2026. For the years to come, Austria intends to safeguard its long-term defence capabilities while taking into account overall economic developments and budgetary constraints.

3. An increase in defence capabilities might lead to higher net expenditure than the path endorsed by the Council for Austria on 8 July in accordance with Article 126(7) TFEU.

Austria acknowledges that, apart from the leeway for defence expenditure, the EU fiscal rules will continue to operate normally and deviations from the endorsed net expenditure paths other than those specified under the national escape clause will be recorded in the control account (Article 22 of Regulation (EU) 2024/1263) throughout the period of activation of the national escape clause.

We acknowledge that fiscal sustainability is an enabling condition for dynamic and competitive economies. Looking ahead, structurally higher defence expenditure in the EU Member States may require policies to preserve fiscal sustainability and compliance with the fiscal rules.

Yours sincerely,

Markus Marterbauer

Copy:

Mr Tuomas Saarenheimo,
President,
Economic and Financial Committee

Mr Maarten Verwey,
Director-General for Economic and Financial Affairs,
European Commission