Questions and answers: Commission proposes activating fiscal framework’s general escape clause to respond to coronavirus pandemic

Brussels, 20 March 2020

What is the general escape clause?
The clause was introduced as part of the 'Six-Pack' reform of the Stability and Growth Pact in 2011, which drew the lessons of the economic and financial crisis. Notably, that experience highlighted the need for specific provisions in the EU's fiscal rules to allow for a coordinated and orderly temporary deviation from the normal requirements for all Member States in a situation of generalised crisis caused by a severe economic downturn of the euro area or the EU as a whole.

Why is the Commission proposing to activate the general escape clause now?
The escape clause was introduced to allow for a coordinated and orderly temporary deviation from the normal requirements for all Member States in a situation of generalised crisis caused by a severe economic downturn for the euro area or the EU as a whole.

The coronavirus pandemic is having a major negative impact on the European and global economies. In its Communication of 13 March 2020 on the coordinated economic response to the coronavirus outbreak, based on a scenario analysis, the Commission presented an economic scenario that showed that real GDP could contract by 1% in the EU in 2020. The Communication pointed out that more adverse scenarios, linked to a deeper impact of the pandemic, could not be excluded. Developments since then suggest that such an adverse scenario has become likely. The fall in economic activity in 2020 could be comparable to the contraction of 2009, the worst year of the economic and financial crisis. Member States are also faced with the mounting costs associated with effectively containing the pandemic while supporting the citizens and businesses that have been affected by the crisis.

The activation of the general escape clause aims to help Member States, allowing them to pursue a fiscal policy that will facilitate the implementation of all measures necessary to adequately deal with the crisis while remaining within the rules-based framework of the SGP.

Based on the above considerations, and given the expected severe economic downturn, the Commission considers that the conditions to activate the general escape clause are met and asks the Council to endorse this conclusion.

How will the clause be activated? What are the next steps?
Through the adoption of today's Communication, the Commission is formally communicating to the Council that it considers that the conditions for activating the general escape clause have been fulfilled.

The Council is now invited to endorse this in order to provide clarity to Member States.

The upcoming assessment of Member States' stability and convergence programmes, the Commission spring forecast, and the subsequent Commission's proposals for country-specific recommendations and their adoption by the Council will provide an opportunity to ensure necessary coordination and to set the guidance to achieve an appropriate supportive fiscal stance at the national and aggregate level.

How will you take into account fiscal sustainability concerns?
The general escape clause stipulates that its application should not endanger fiscal sustainability. The deviation from the requirements would be temporary.

The Commission's first priority is to use all tools at its disposal to safeguard people's wellbeing and ensure that there is an effective and immediate response to the coronavirus pandemic. Member States can use the full flexibility provided for in the fiscal framework to tackle the health crisis and address its direct economic consequences.

The Commission believes that limiting the immediate economic damage is necessary to limit risks to
fiscal sustainability over the medium and long term.

**How long will the general escape clause remain in effect?**

The Commission will apply the full flexibility provided for in the EU fiscal framework for so long as is necessary to allow Member States to implement measures to contain the coronavirus outbreak and mitigate its negative socio-economic effects.

**What is the difference between the flexibility permitted by the general escape clause and the 'unusual events' flexibility clause?**

The unusual events clause can apply to a broad range of expenditure, provided they are linked to events beyond the control of governments, such as the coronavirus pandemic. It means that budgetary impact of the measures taken in response to the outbreak will be excluded from the Commission's assessments of compliance with the Stability and Growth Pact.

The general escape clause is a more far-reaching flexibility and allows Member States to undertake budgetary measures to deal adequately with a situation of generalised crisis caused by a severe economic downturn for the euro area or the EU as a whole while remaining within the rules-based framework of the Stability and Growth Pact.

**Has the escape clause ever been activated before?**

The escape clause has never been activated since its addition to the SGP in 2011.

**For more information**

[Press release: Commission proposes activating fiscal framework's general escape clause to respond to pandemic](#)

[Communication on the activation of the general escape clause](#)

[Press release: Commission sets out European coordinated response to counter the economic impact of the coronavirus](#)

[European Coordinated Response on Coronavirus: Questions and Answers](#)

[Press release: Commission adopts Temporary Framework to enable Member States to further support the economy in the coronavirus outbreak](#)

[Coronavirus website](#)

[Stability and Growth Pact](#)

[Vade Mecum on the Stability and Growth Pact](#)