# European Commission Issues Warnings to Eight Member States Over Excessive Budget Deficits



### European Commission Warns Eight Member States Over Budget Deficits

On June 19, 2024, the European Commission issued formal warnings to eight EU member states, including Belgium, France, Italy, Hungary, Malta, Poland, Slovakia, and Romania, over budget deficits deemed to be excessive. This action reinstates fiscal oversight suspended during the COVID-19 pandemic and initiates a process that could lead to financial penalties.

France, which is approaching legislative elections, faces particular scrutiny. Its annual deficit is currently over 5% of GDP, and its debt-to-GDP ratio stands at 111%. This has led to a downgrade in its credit rating by S&P Global from AA to AA-. President Emmanuel Macron's government must now navigate these fiscal challenges amidst political competition from Marine Le Pen's National Rally and a newly united left front.

Other countries such as Estonia and Finland avoided immediate censure, as their budget breaches were deemed minor or temporary. The European Union's fiscal rules, requiring deficits under 3% of GDP and debt below 60%, are designed to ensure financial stability within the eurozone. However, adherence has been inconsistent, further complicated by recent economic crises such as the ongoing war in Ukraine and surging energy prices.

The European Commission's move involves a detailed examination period, where the member states are expected to provide fiscal plans aimed at reducing their deficits. This marks the first step towards potential enforcement actions to stabilize the euro's financial health and EU economic policies.