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BLOG — POST

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War in Iran: Paying this winter's bills without mortgaging the future



As of 4 June 2026, the date of the last update to our [tracker](#), European Union (EU) Member States had spent more than €16 billion in public money in response to the crisis. Four months later, this spending has more than doubled, bringing the total to €33 billion. Added to the estimated €104 billion in additional costs on fossil fuel imports, the cost of the crisis for the Union now stands at nearly €140 billion, compared with around €60 billion in June. After the brief respite offered by the signing of the [Memorandum of Understanding](#) (MoU) between Iran and the United States on 19 June 2026, the upward price trend observed on wholesale markets from July for gas, and from August for oil, forced European governments to respond. As of 5 October 2026, we have identified nearly 300 measures across 26 Member States (Finland being the sole exception). However, both the total amount and the number of measures adopted are an aggregation of measures stemming from diverse political and budgetary dynamics.

The tracker can be accessed directly [here](#).

Spain alone accounts for a third of the spending committed (€12 billion, or 0.74% of its GDP), with its third package essentially extending the measures adopted in March until 31 December.

Elsewhere, trajectories diverge. Denmark and Luxembourg only introduced their first support measures in June.

Since then, twelve Member States (Bulgaria, Croatia, France, Greece, Hungary, Ireland, Italy, Latvia, Portugal, Slovakia, Slovenia and Spain) have adopted new support schemes. Six others (Austria, Cyprus, Czechia, Germany, Poland and Romania) have simply renewed their across-the-board support, in most cases until the end of the year, a sign that governments, like markets, no longer expect a swift resolution of the conflict. The remaining six have taken no new decisions since June: Belgium and Lithuania have let their support measures expire, Sweden, the Netherlands and Estonia are sticking with the schemes adopted in the spring, while Malta is maintaining its structural price freeze.

While most support so far (75%) had focused on fuel prices, two States have since extended support to gas (Luxembourg, Poland) and one to electricity (Luxembourg). This brings to **14 the total number of Member States that have adopted gas support, mainly for households** (Belgium, Croatia, Estonia, France, Greece, Ireland, the Netherlands, Portugal, Romania, Slovakia, Spain and Sweden, joined by Luxembourg and Poland), and to **15 for electricity** (Belgium, Bulgaria, Croatia, Cyprus, Estonia, France, Germany, Greece, Ireland, the Netherlands, Portugal, Slovenia, Spain and Sweden, joined by Luxembourg), targeting households (11 Member States) but also businesses (9 Member States). Of the nearly 50 new measures recorded since June, around 15%, or 7 measures, concern gas (6) and/or electricity (3). With the heating season approaching and gas storage at historically low levels for this time of year (72.4%), **what had until now looked like a response to an oil shock is becoming a response to an energy crisis**. As a knock-on effect, new rounds of measures could soon be adopted, particularly in the context of ongoing national budget discussions (Finland, France, Ireland).

Beyond the social pressure exerted by prices, some States also face political pressure linked to upcoming elections. In Sweden, the 13 September general election was won by the centre-left, after the outgoing right-wing government had cut fuel taxes and halved public transport fares in the spring. In Portugal, the Montenegro government announced one of its new support measures on the very day it survived a motion of censure (8 September). In Latvia, further excise cuts on diesel and petrol were decided nine days before the 3 October general election. Electoral deadlines can thus act as a trigger. Finally, faced with the risk of escalation in the Strait of Hormuz and the Bab el-Mandeb, several States (Bulgaria, Portugal, Spain) have set price thresholds in advance, beyond which support measures, tax cuts and even, in Portugal's case, consumption reductions apply automatically, without any new decree or parliamentary vote. This allows them to respond without delay and makes the response predictable for households and businesses alike. We welcome this approach and recommend that it be extended to all 27 Member States under European coordination.

Now that Member States appear to have factored in the prospect of a conflict that could drag on, at least beyond the US midterm elections on 3 November, **fiscal constraints, which have tightened across much of Europe, are increasingly shaping the choice of instruments**.

They are leading some States to abandon across-the-board support in favour of targeted schemes: Italy announced in September the end of universal excise cuts, Hungary has replaced the Orbán-era price cap with support reserved for the most exposed drivers, Ireland is ruling out any universal energy credit in its budget, and Spain is gradually phasing out its fuel tax cut.

They are leading others to refrain from any tax cuts at all, deemed costly and ineffective: Estonia has ruled out any excise cut, citing its "negligible" effect and saying the State lacks "the resources to widen the deficit further", while Slovakia, under populist Prime Minister Fico, considers that such cuts "threw hundreds of millions of euros, if not billions, into the air with no effect whatsoever". **As things stand, only four Member States (Belgium, Bulgaria, France, the Netherlands) are sticking to a targeted approach, while fourteen rely solely on across-the-board measures** (Austria, Czechia, Denmark, Estonia, Germany, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Sweden) and eight combine the two.

Faced with pressure on diesel prices, several States are benefiting from the support of private companies to contain pump prices. In France, TotalEnergies has capped petrol at €1.99/L and diesel at €2.25/L across all its stations since 22 July. In Italy, Eni and SOCAR set maximum prices at the end of September (€1.99/L for petrol, €2.19/L for diesel), followed by Q8 for October. In Greece, refiners Helleniq Energy and Motor Oil funded a discount of 10 c/L on petrol and 5 c/L on diesel in July–August (€40 million), before partnering with the State to contain heating oil prices at the start of the heating season. Such initiatives are far from disinterested: they serve to pre-empt the debate on a windfall profits tax, championed at European level by the Finance Ministers of Austria, Germany, Italy, Portugal and Spain. The CEO of TotalEnergies has in fact hinted that additional taxation could call the price cap into question. Yet such a tax would allow revenues to be redistributed through national schemes, as in Romania, which finances its excise cut through a levy on oil profits, and Poland, whose tax signed on 2 October is expected to raise around €915 million by the end of the year. Czechia and Portugal have proposed similar schemes, which are still awaiting adoption.

Meanwhile, the approach advocated by the European Commission, which encourages Member States to reduce their gas demand while accelerating the electrification of end uses (electrification plan presented in July), is struggling to translate into action. Apart from a few general calls for energy sufficiency (Belgium, Denmark, Luxembourg), no State has launched a campaign urging people to moderate their gas consumption this winter. To prevent the demand destruction suffered in oil from repeating itself in gas and electricity, anticipation is key. Member States must now put in place a legal framework organising a collective reduction in gas and electricity consumption, particularly at peak times: only by reducing demand together can they exert significant downward pressure on prices. So far, however, European coordination has mainly been limited to releasing strategic oil stocks.

Following a first coordinated release by the IEA in March (400 million barrels, of which nearly 80 million for Member States), the G7 decided on 2 October to release up to 100 million more, in diesel and crude.

It yielded to pressure from Donald Trump, who had threatened to ban US diesel exports to the Union, which sourced half of its imports from the US in August.

Nevertheless, a growing number of governments are reaching the same conclusion: the electrification of end uses must be accelerated. The price signal is already having an effect: in the first half of 2026, heat pump sales rose by 11% across twelve European countries, while electric vehicles accounted for 21.7% of sales, compared with 15.8% over the same period in 2025. While this signal is enough for now to set the dynamic in motion, only dedicated public policy will make it last once prices fall. We now count ten Member States that have adopted measures supporting the switch to electric equipment, three more than previously (Estonia, Ireland, Luxembourg). But France remains the only one to have adopted a national electrification plan, with Ireland preparing one. We therefore recommend that every Member State adopt one, so as to embed these scattered measures in a coherent trajectory that is clear for households and industry alike. By combining targeted support with investment in electrification, France and the Netherlands stand out as models in this respect.