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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 24.3.2009
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Recommendation for a

COUNCIL DECISION

Establishing, in accordance with Article 104(8) of the Treaty, whether effective action has been taken by the United Kingdom in response to the Council recommendation of 8 July 2008 pursuant to Article 104(7)

EXPLANATORY MEMORANDUM

1. THE APPLICATION OF THE STABILITY AND GROWTH PACT IN THE CURRENT CRISIS SITUATION

Many EU countries are presently facing general government deficits above the 3% of GDP reference value set in the Treaty. The often strong deterioration in the deficit as well as the debt positions must be seen in the context of the unprecedented global financial crisis and economic downturn. Several factors are at play. First, the economic downturn brings about declining tax revenue and rising social benefit expenditure (e.g. unemployment benefits). Second, recognising that budgetary policies have an important role to play in the current extraordinary economic situation, the Commission called for a fiscal stimulus in its November 2008 European Economic Recovery Plan (EERP), endorsed by the European Council in December. The Plan explicated that the stimulus should be timely, targeted and temporary and differentiated across Member States to reflect their different positions in terms of public finance sustainability and competitiveness and should be reversed when economic conditions improve. The Plan also called for structural reforms that support demand and promote resilience in the short term, while paying special attention to actions in the four priority areas of the Lisbon Strategy. Finally, several countries have taken measures to stabilise the financial sector, some of which impact on the debt position or constitute a risk of higher deficits and debt in the future, although some of the costs of the government support could be recouped in the future.

The Stability and Growth Pact requires the Council to decide on whether effective action has been taken by a Member State in response to previous Council recommendations on ending an excessive deficit situation. The amendments to the Stability and Growth Pact in 2005 aimed at ensuring that in particular the economic and budgetary background was taken into account fully in all steps in the EDP. In this way, the Stability and Growth Pact provides the framework supporting government policies for a prompt return to sound budgetary positions taking account of the economic situation and thereby ensuring the long-term sustainability of public finances.

2. BACKGROUND

The excessive deficit procedure (EDP) is governed by Article 104 of the Treaty and by Council Regulation (EC) No 1467/97 of 7 July 1997, as amended by Council Regulation (EC) No 1056/2005 of 27 June 2005, on speeding up and clarifying the implementation of the excessive deficit procedure, which is part of the Stability and Growth Pact.

On 24 January 2006, upon recommendation by the Commission, the Council decided, in accordance with Article 104(6) of the Treaty, that an excessive deficit existed in the United Kingdom. The Council issued at the same time an Article 104(7) recommendation for its correction by 2006/07 at the latest. Following a reduction in the deficit to 2.7% of GDP in 2006/07[1], and on the basis of announced policies and Commission services forecasts supporting the Council's judgement that the reduction in the deficit to below the reference

[1] The UK financial year runs from April to March.

value was credible and sustainable, the excessive deficit procedure (EDP) was abrogated on 9 October 2007.

However, over the course of 2007/08 weak revenue growth, especially due to higher repayments of corporate tax overpaid in previous years and lower revenue from oil and gas extraction activity, led to a worsening of the UK's budgetary position. The 2007/08 deficit was estimated to have risen to 2.9% of GDP in the Commission services' spring 2008 forecast. Fiscal policy was estimated to be pro-cyclical in 2007/08, with the structural deficit deteriorating by ¼% of GDP in a still favourable economic context.

According to the EDP data notified by the UK authorities in March 2008, the UK's general government deficit was planned to reach 3.2% of GDP in financial year 2008/09, thus again exceeding the 3% of GDP reference value. This ratio was identical to that published on 12 March 2008 in the UK's 2008 Budget. Further, on 13 May 2008, the government announced a reduction in personal income taxation in 2008/09 equivalent to 0.2% of GDP. The Council, on the basis of a Commission recommendation, on 8 July 2008 therefore again placed the United Kingdom in excessive deficit and, in accordance with Article 104(7) of the Treaty, addressed recommendations to the United Kingdom to *"put an end to the excessive deficit situation as soon as possible and by financial year 2009/10 at the latest, in accordance with Article 3(4) of Council Regulation (EC) No 1467/97, by bringing the general government deficit below 3% of GDP in a credible and sustainable manner"*. The Council further recommended "*that to this end the authorities should ensure a structural improvement of at least 0.5 % of GDP in 2009/10"*. The Council established a deadline of 8 January 2009 for the United Kingdom to take action to this end. The Council further noted that a budgetary correction in the United Kingdom should be consistent with the objectives of "*a lasting improvement in the general government balance, while being geared towards enhancing the quality of the public finances and reinforcing the growth potential of the economy"*.

3. ACTION TAKEN BY THE UNITED KINGDOM IN RESPONSE TO THE COUNCIL RECOMMENDATION OF 8 JULY 2008

According to Article 4(2) of Regulation (EC) No. 1467/97, the Council, when considering whether effective action has been taken in response to its recommendations made in accordance with Article 104(7), must base its decision on publicly announced decisions by the government of the Member State concerned.

Since autumn 2007, the United Kingdom has been heavily affected by the developing financial and economic crisis, which accelerated further in the second half of 2008. The United Kingdom's greater vulnerability reflected inter alia the early undermining of confidence from failures of financial institutions; the relatively large size of the UK's financial sector and exposure to troubled assets and impaired funding markets, associated with the sector's large foreign asset and liability positions; the effect of constrained credit availability in sharpening a housing market retreat from inflated price and activity levels, given the very high indebtedness and low saving of the UK household sector; and the significant role of (depreciated) property and financial wealth in reducing support to expenditure. Following a sharp slowdown in early 2008, the UK economy began to contract from mid-2008 onwards. The Commission services' January 2009 interim forecast expects negative growth to continue on a quarterly basis throughout 2009, which cumulatively is expected to lead to a widening of the estimated output gap from 2.2% of GDP in 2007 to -2.2% in 2009, and further to -3.0% in 2010.

In the context of a progressively acute deterioration in economic conditions and prospects, the UK authorities announced additional deficit-increasing discretionary measures in the second half of 2008. In July 2008, the government announced the postponement of the inflation-linked increase in fuel excise duty due to take place in October 2008, at an estimated cost of 0.05% of GDP in foregone revenues in 2008/09. Additional deficit-increasing measures, equivalent to 0.1% of GDP in 2009/10, were announced in September 2008, including through higher spending on housing.

On 24 November 2008 the United Kingdom authorities presented to Parliament their 2008 Pre-Budget Report (PBR). Due in major part to the unexpectedly strong negative fallout from the global financial crisis, the PBR presented a marked downward revision to the medium-term macroeconomic projections that had underpinned the 2008 Budget, in particular to GDP growth. Whereas the 2008 Budget had projected annual growth of 1¾% and 2½% in the financial years 2008/09 and 2009/10 respectively, the 2008 PBR revised down the corresponding growth assumptions to -¼% and -½%. Against the backdrop of a significantly weaker-than-expected macroeconomic context, the government announced further discretionary fiscal stimulus measures amounting to around ½% of GDP in 2008/09 and 1.0% of GDP in 2009/10. The measures in the fiscal stimulus package were in line with those envisaged by the European Economic Recovery Plan (EERP) agreed by the European Council on 11 December 2008. However, the rapid weakening in the government's primary balance, which was already in deficit ahead of the crisis, has weakened the UK's capacity to pursue a looser fiscal stance without compromising budgetary sustainability.

The macroeconomic and fiscal projections in the 2008 update of the UK's convergence programme, submitted to the Commission on the 18 December 2008, were identical to those in the 2008 PBR. The 2008 update estimates a general government deficit of 5½% of GDP in 2008/09, up from 3.2% in the March 2008 EDP notification. The overshoot in the government deficit primarily reflected a downward revision in revenue growth projections. In turn, around three-quarters of the latter was due to the worsening in the macroeconomic context and a quarter to the discretionary measures announced since the March 2008 EDP notification.

The 2008 programme update projects a further increase in the deficit ratio in 2009/10 by 2¾ pp., to 8.2% of GDP. The fiscal stimulus measures, including a temporary reduction in the standard VAT rate and the frontloading of investment spending, account for around one-third of the increase in the deficit when compared to 2008/09. The greater part of the rest of the forecast deterioration in public finances in 2009/10 reflects two, partly-interconnected factors: first, the overall contraction in GDP; and secondly, the sharp losses in tax revenue from two hitherto major sources: the financial sector and the housing market. Following an estimated increase in government debt in 2008/09 by almost 10 pp. of GDP, half of which reflecting government financial sector interventions not directly affecting the deficit, the 2008 update projects a debt ratio in 2009/10 of slightly more than 60% of GDP, sharply higher than the ratio of close to 46% forecast by the UK authorities in March 2008.

The Commission services' January 2009 interim forecast projects a deficit in 2009/10 of 9½% of GDP, 1¼ pp. higher than in the programme, primarily on account of the significantly worse macroeconomic economic context foreseen, with the projected level of nominal GDP being around 5% weaker than in the programme. In addition, interest payments in the Commission services' January 2009 interim forecast are almost ½% of GDP higher then in the convergence programme, with significant savings in interest payments in 2009/10 from lower inflation and interest rates more than offset by the additional cost of servicing the increase in government debt. In structural terms, the deficit is forecast to increase by 2½ pp. of GDP over the preceding year.

Meanwhile, the in-year public finances data that were published subsequent to the Commission services' January 2009 interim forecast indicate that the increase in the general government deficit is likely to be larger than expected in 2008/09. The expected worse outcome for 2008/09 can be expected to spill over to subsequent financial years.

In conclusion, subsequent to the Article 104(7) Council recommendation in July 2008, the UK authorities implemented additional deficit-increasing discretionary measures that have contributed to a further worsening of the UK's budgetary position. The discretionary fiscal loosening has been, however, determined in the context of a significantly sharper-than-expected economic downturn, both in the United Kingdom and globally, especially from the second half of 2008, and the stimulus measures were in line with those envisaged in the EERP. According to the 2008 update of the UK's convergence programme, the deficit in 2009/10 is projected to reach 8.2% of GDP, with the discretionary loosening accounting for around one-third of the increase in the deficit over the previous year. The Commission services' January 2009 interim forecast envisages an even sharper contraction in economic activity and projects a deficit in 2009/10 of 9½% of GDP[2].

According to the provisions of Article 104(8) of the Treaty and of Article 4(1) of Council Regulation (EC) No 1467/97 (as amended by Council Regulation (EC) No 1056/2005), if the Council considers that no effective action has been taken in response to the recommendations addressed under Article 104(7), it must take a decision to that effect. In the light of these findings, the Commission is of the opinion that in a context of a progressively acute deterioration in economic conditions and prospects the UK authorities have not taken effective action in response to the July 2008 Council recommendation in accordance with Article 104(7) within the period laid down in the recommendation, and it recommends that the Council decide accordingly. For this reason, the Commission is submitting to the Council a recommendation for a new Council recommendation to be addressed to the United Kingdom with a view to bringing the situation of an excessive deficit to an end according to Article 104(7).

4. RECOMMENDATIONS WITH A VIEW TO BRINGING TO AN END THE SITUATION OF AN EXCESSIVE GOVERNMENT DEFICIT

According to Article 3(4) of Council Regulation (EC) No 1467/97, the Council recommendation under Article 104(7) has to establish a deadline of six months at most for effective action to be taken by the Member State concerned as well as a deadline for the correction of the excessive deficit, which “should be completed in the year following its identification unless there are special circumstances”. Article 3(4) of the Regulation specifies that the Council has to recommend that the Member State achieves a “minimum annual improvement of at least 0.5% of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the recommendation”.

[2] According to more recent information, there is a risk that the outturn for the year will be even worse than expected in the Commission services' January 2009 interim forecast.

In the case of the United Kingdom, special circumstances are considered to exist. These special circumstances relate primarily to the severity of the economic contraction, which was precipitated by the global financial and economic crisis beginning in 2007 and which has contributed to a rapid deterioration in the UK's budgetary position. Quarterly GDP growth slowed markedly in the first half of 2008, and turned strongly negative in the third and fourth quarter. Based on the Commission services' January 2009 interim forecast, GDP can be expected to contract by around 2¾% in 2009, following growth of 0.7% in 2008. Cumulatively, this is expected to lead to a widening of the estimated output gap from 2.2% of GDP in 2007 to -2.2% in 2009, and further to -3.0% in 2010. The recession is fully driven by falling domestic demand, especially due to declining fixed investment, a previously strong source of output growth that has become increasingly constricted by the tightening of credit conditions to corporations and households. A coinciding downturn in the UK housing market, which was triggered by the tightening of credit availability and the deterioration in economic and employment prospects, has contributed to the economic downturn. The depth of the economic recession constrains the scope for the government to adopt significant deficit-reducing discretionary measures in 2009/10. The existence of special circumstances authorises the Council to allow the correction of the excessive deficit in a medium term framework.

The 2008 update of the convergence programme projects an improvement in the headline deficit between 2010/11 and 2013/14 by an average of around 1¼ pp. of GDP per annum. The UK authorities' fiscal projections imply a narrowing in the structural deficit, as recalculated by the Commission services using the commonly-agreed methodology, averaging close to 1 pp. per annum between 2010/11 and 2013/14. In 2010/11, the update projects a headline deficit of 7.1% of GDP, 1.1 pp. less than in the preceding year. The forecast improvement entirely reflects the government's policy announcements that in 2010 the temporary reduction in the standard VAT rate will be reversed , lower capital expenditure will compensate for the discretionary spending increase in 2008 and 2009, and expenditure savings of 0.3% of GDP will be made through efficiency gains.

Between 2011/12 and 2013/14, an increase in the revenue ratio by almost 1½ pp. of GDP and a drop in the expenditure ratio by 2¼ pp. are expected to contribute to around two-fifths and three-fifths, respectively, of the target adjustment in the headline balance. In 2011/12, the announced increase in income tax and social security contribution rates is expected to account for around one-third of the structural adjustment envisaged for that year. No additional revenue-increasing discretionary measures have as yet been announced for subsequent years and the programme's revenue growth projections in 2012/13 and 2013/14 imply an elasticity with respect to GDP that is consistent with the OECD ex-ante elasticity. On the expenditure side, a deceleration in expenditure, but with growth remaining positive in real terms, is estimated to account for two-thirds of the improvement in the structural balance in 2011/12 and for the entire planned structural consolidation in the subsequent two years. The programme's projections for expenditure between 2011/12 and 2013/14 are not backed by detailed departmental spending plans.

The UK authorities' fiscal plans imply that the headline deficit in 2013/14, at 3.4% of GDP, would continue to exceed the 3% of GDP Treaty reference value. Taking into account the substantial deterioration in the UK's budgetary position, there is clearly scope for a more ambitious consolidation effort in the medium term than the one envisaged by the UK authorities.

The Commission services' January 2009 interim forecasts suggest the budgetary projections presented by the UK authorities in the 2008 programme are subject to significant downside risks. The Commission services' January 2009 interim forecast projects a deficit in 2009/10 of 9.5% of GDP and in 2010/11 of 9.2% of GDP, the latter around 2 percentage points higher than projected in the update, reflecting a part of the deficit overrun expected in 2009/10 feeding through into a higher deficit in the following year and a weaker recovery in economic activity in 2010/11. In order to achieve the correction of the excessive deficit by 2013/14 the government would have to step up the consolidation effort compared to what is envisaged in the 2008 update of the convergence programme. Enhanced surveillance under the EDP, which seems necessary in view also of the relatively long period for the correction, will require regular and timely monitoring of the progress made in the implementation of the fiscal consolidation strategy to ensure the correction of the excessive deficit.

Government gross debt is projected by the UK authorities to increase from slightly over 60% of GDP in 2009/10 to 68½% in 2012/13, primarily driven by the scale of the primary deficit, before stabilising at that level in 2013/14. The negative risks to the programme's projections for government gross debt path also stem from potential further debt-increasing stock-flow adjustments related to financial system support. On the other hand, once the economy recovers and financial sector conditions stabilise, the UK authorities could be expected to unwind, at least in part, the increase in debt due to financial sector interventions, which in the programme amounts to around 5 pp. of GDP. In addition, the correction of the excessive deficit would contribute to a reduction in the debt ratio towards the 60% of GDP reference value.

Financial years		**2007/8**	**2008/9**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Real GDP (% change)	**CP Dec 2008**	**3**	**-¼**	**-½**	**2**	**3**	**3**	**3**
	COM Jan 2009	3.0	-0.6	-2.3	0.9	n.a.	n.a.	n.a.
	EDP Mar 2008	*3.0*	1¾	*2½*				
Output gap[1] (% of potential GDP)	**CP Dec 2008**	**1.0**	**-0.5**	**-2.4**	**-2.1**	**-1.2**	**-0.4**	**0.2**
	COM Jan 2009	2.0	0.5	-2.4	-2.8	n.a.	n.a.	n.a.
	EDP Mar 2008	*-0.2*	*-0.5*	*-0.4*				
General government balance (% of GDP)	**CP Dec 2008**	**-2.8**	**-5.5**	**-8.2**	**-7.1**	**-5.6**	**-4.4**	**-3.4**
	COM Jan 2009	-2.8	-5.7	-9.5	-9.2	n.a.	n.a.	n.a.
	EDP Mar 2008	*-2.9*	*-3.2*	*-2.8*				
Primary balance (% of GDP)	**CP Dec 2008**	**-0.6**	**-3.4**	**-6.4**	**-4.5**	**-2.6**	**-1.4**	**-0.3**
	COM Jan 2009	-0.6	-3.5	-7.1	-6.4	n.a.	n.a.	n.a.
	EDP Mar 2008	*-0.7*	*-1.2*	*-0.8*				
Structural balance[2] (% of GDP)	**CP Dec 2008**	**-3.2**	**-5.3**	**-7.2**	**-6.2**	**-5.1**	**-4.2**	**-3.5**
	COM Jan 2009	-3.7	-5.9	-8.5	-8.0	n.a.	n.a.	n.a.
	EDP Mar 2008	*-2.8*	*-2.9*	*-2.6*				
Government gross debt (% of GDP)	**CP Dec 2008**	**43.2**	**52.9**	**60.5**	**65.1**	**67.5**	**68.6**	**68.5**
	COM Jan 2009	43.2	53.7	64.6	71.9	n.a.	n.a.	n.a.
	EDP Mar 2008	*43.8*	*46.1*	*46.9*				

Notes:

[1]Output gaps and cyclically-adjusted balances from the programmes as recalculated by Commission services on the basis of the information in the programmes using the commonly agreed methodology. COM Jan 2009 figures are based on estimated potential growth of 1.5%, 0.9%, and 1.0% respectively in the period 2008-2010.

[2]Cyclically-adjusted balance excluding one-off and other temporary measures. There are no one-off and other temporary measures during the programme period.

Source :

2008 Budget/EDP March 2008 notification; 2008 Convergence programme; Commission services' January 2009 Interim economic forecasts (COM); Commission services' calculations

Recommendation for a

COUNCIL DECISION

Establishing, in accordance with Article 104(8) of the Treaty, whether effective action has been taken by the United Kingdom in response to the Council recommendation of 8 July 2008 pursuant to Article 104(7)

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Treaty establishing the European Community, and in particular Article 104(8) thereof,

Having regard to the recommendation from the Commission,

Whereas:

(1) According to Article 104 of the Treaty, Member States are to avoid excessive government deficits.

(2) Pursuant to point 5 of the Protocol on certain provisions relating to the United Kingdom of Great Britain and Northern Ireland, the obligation in Article 104(1) of the Treaty to avoid excessive general government deficits does not apply to the United Kingdom unless it moves to the third stage of economic and monetary union[3]. While in the second stage of economic and monetary union, the United Kingdom is required to endeavour to avoid excessive deficits, pursuant to Article 116(4) of the Treaty.

(3) The Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth conducive to employment creation. The Stability and Growth Pact includes Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure[4], which was adopted in order to further the prompt correction of excessive general government deficits.

(4) The 2005 reform of the Stability and Growth Pact sought to strengthen its effectiveness and economic underpinnings as well as to safeguard the sustainability of the public finances in the long run. It aimed at ensuring that in particular the economic and budgetary background was taken into account fully in all steps in the EDP. In this way, the Stability and Growth Pact provides the framework supporting government policies for a prompt return to sound budgetary positions taking account of the economic situation.

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[3] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12006E/PRO/25:EN:HTML

[4] OJ N° L 209, 2.8.1997, p.6.

(5) The Council decided on 8 July 2008, in accordance with Article 104(6), that an excessive deficit existed in the United Kingdom[5].

(6) In accordance with Article 104(7) of the Treaty and Article 3(4) of Council Regulation (EC) No 1467/97, on 8 July 2008 the Council also, on the basis of a Commission recommendation, adopted a recommendation[6] to the UK authorities calling on them to put an end to the excessive deficit situation as soon as possible and by financial year 2009/10 at the latest, by bringing the general government deficit below 3 % of GDP in a credible and sustainable manner. To that end, the Council recommended the authorities to ensure a structural improvement of at least 0.5 % of GDP in 2009/10 and established the deadline of 8 January 2008 for the UK government to take effective action.

(7) The assessment of the action taken by the United Kingdom to correct the excessive deficit by 2009/10 in response to the Council recommendation under Article 104(7) leads to the following conclusions:

- subsequent to the Article 104(7) Council recommendation in July 2008, the UK authorities announced additional deficit-increasing discretionary measures. On 16 July 2008 the government announced the postponement of the inflation-linked increase in fuel excise duty that was scheduled to take place in October 2008, at an estimated cost of 0.05% of GDP in foregone revenues in 2008/09. Additional deficit-increasing measures, equivalent to 0.1% of GDP in 2009/10, were introduced in September 2008, including through higher spending on housing;

- on 24 November 2008, the government presented its 2008 Pre-Budget Report (PBR). Due in part to the unexpectedly strong negative fallout from the global financial crisis which unfolded from autumn 2007 onwards, the PBR presented a marked downward revision to the medium-term macroeconomic projections. Against this macroeconomic context, the government announced further discretionary fiscal loosening, aimed at supporting the economy, of around ½% of GDP in 2008/09 and 1.0% of GDP in 2009/10. The measures included a temporary reduction in the standard VAT rate, accounting for around half of the stimulus, and the frontloading of investment spending. Overall, the stimulus measures were in line with those envisaged in the European Economic Recovery Plan (EERP) that was agreed by the European Council on 11 December 2008;

- the macroeconomic and fiscal projections in the 2008 update of the UK's convergence programme, submitted to the Commission on 18 December 2008, were identical to those in the 2008 PBR and projected a further increase in the deficit ratio in 2009/10 to 8.2% of GDP. The greater part of the projected deterioration in public finances in 2009/10 over the preceding year reflects two, partly-interconnected factors: first, the overall contraction in GDP; and secondly, the sharp losses in tax revenue from two hitherto major sources, the financial sector and the housing market. Nevertheless, around one-third of the programme's

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5 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:238:0005:0006:EN:PDF (OJ L 238, 5.9.2008, p. 5).

6 http://ec.europa.eu/economy_finance/publications/publication12926_en.pdf

forecast increase in the deficit in 2009/10 reflects the adopted fiscal stimulus measures;

- the 2008 convergence programme update also projects a government debt ratio in 2009/10 of around 60% of GDP, sharply higher than the debt ratio of close to 46% that was forecast by the UK authorities in March 2008;

- the Commission services January 2009 interim forecast projects a deficit in 2009/10 of 9½% of GDP, 1¼ pp. higher than in the convergence programme, primarily on account of the significantly worse macroeconomic economic context foreseen in the Commission services' January 2009 forecast, with the level of nominal GDP about 5% lower. Meanwhile, the public finances data that were published subsequent to the Commission services' January 2009 interim forecast indicate that the outturn for public finances in 2008/09 is likely to be worse than expected.

(8) This leads to the conclusion that, in a context of progressively weakening economic conditions, the UK authorities have since July 2008 implemented additional deficit-increasing discretionary measures in line with the European Economic Recovery Plan (EERP). The combined effects of the strong economic downturn and the stimulus measures adopted by the UK authorities have led to the substantial deterioration in the UK's budgetary position projected for 2009/10.

HAS ADOPTED THIS DECISION:

Article 1

The United Kingdom has not taken action in response to the Council Recommendation of 8 July 2008 within the period laid down in that Recommendation.

Article 2

This decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels,

For the Council
The President