

## II

(Acts whose publication is not obligatory)

## COUNCIL

## COUNCIL DECISION

of 7 June 2005

**abrogating Decision 2005/136/EC on the existence of an excessive deficit in the Netherlands**

(2005/729/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 104(12) thereof,

Having regard to the recommendation from the Commission,

Whereas:

(1) By Decision 2005/136/EC<sup>(1)</sup> following a recommendation from the Commission in accordance with Article 104(6) of the Treaty, the Council decided that an excessive deficit existed in the Netherlands.

(2) In accordance with Article 104(7) of the Treaty, the Council made a Recommendation on 2 June 2004 addressed to the Netherlands with a view to bringing the excessive deficit situation to an end. This Recommendation, in conjunction with Article 3(4) of Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure<sup>(2)</sup>, established a deadline of 2005 at the latest for the correction of the excessive deficit.

(3) In accordance with Article 104(12) of the Treaty, a Council Decision on the existence of an excessive deficit is to be abrogated when the excessive deficit in the Member State concerned has, in the view of the Council, been corrected.

(4) The definitions of 'government' and 'deficit' are laid down in the Protocol on the excessive deficit procedure by reference to the European System of Integrated Economic Accounts, second edition. The data for the excessive deficit procedure are provided by the Commission.

(5) Based on the data provided by the Commission after reporting by the Netherlands before 1 March 2005 in accordance with Council Regulation (EC) No 3605/93 of 22 November 1993 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community<sup>(3)</sup>, on the subsequent reporting of revised general government accounts to Eurostat on 31 March 2005, and on the Commission services' Spring 2005 forecast, the following conclusions are warranted:

— the general government deficit is estimated at 2,3 % of GDP in 2004, compared with 3,2 % in 2003. The outcome for 2004 is in compliance with the Council recommendation issued under Article 104(7) of the Treaty, particularly as regards the reduction of the government deficit below the reference value of 3 % of GDP by 2005 at the latest. Fiscal adjustment was pursued in 2004 in the form of substantial savings measures, partly contained in the 2004 budget and partly decided in the additional consolidation package on 14 April 2004. Moreover, stronger-than-expected tax receipts and additional revenues from the sale of natural gas in response to high oil prices helped reduce the deficit,

<sup>(1)</sup> OJ L 47, 18.2.2005, p. 26.

<sup>(2)</sup> OJ L 209, 2.8.1997, p. 6.

<sup>(3)</sup> OJ L 332, 31.12.1993, p. 7. Regulation as last amended by Commission Regulation (EC) No 351/2002 (OJ L 55, 26.2.2002, p. 23).

- the budgetary measures taken are geared towards securing a lasting improvement in the general government balance. For 2005, the Commission services' Spring 2005 forecast projects a further decline in the general government deficit to 2,0 % of GDP, largely in response to savings measures, mostly of a structural nature, adding up to 0,5 % of GDP. This is in line with the official target of a deficit of 2,1 % of GDP. For 2006, the Commission services' Spring 2005 forecast projects, based on currently known policies, a further fall in the deficit to 1,6 % of GDP, pointing to the durable correction of the budget deficit,
- the budgetary consolidation will be sustained through a reduction in the cyclically adjusted deficit which is expected to reach close to balance after the excessive deficit has been corrected. In 2004, the cyclically adjusted deficit fell markedly to 1,2 % of GDP, compared to 2,0 % of GDP in 2003. The Commission services' Spring 2005 forecast projects the cyclically adjusted deficit to further decrease in 2005 by another 0,8 % of GDP, to 0,4 % of GDP, which is close to balance, and to fall to 0,0 % of GDP in 2006,
- according to the March 2005 excessive deficit procedure notification, the government debt ratio was kept below the 60 % of GDP reference value in

2004. The Commission services' Spring 2004 forecast projects it to remain below this threshold in 2005 and 2006.

- (6) Decision 2005/136/EC should therefore be abrogated,

HAS ADOPTED THIS DECISION:

*Article 1*

From an overall assessment it follows that the correction of the excessive deficit situation in the Netherlands was completed in 2004, under the terms of the recommendation addressed to the Netherlands on 2 June 2004 in accordance with Article 104(7) of the Treaty.

*Article 2*

Decision 2005/136/EC is hereby abrogated.

*Article 3*

This Decision is addressed to the Kingdom of the Netherlands.

Done at Luxembourg, 7 June 2005.

*For the Council*

*The President*

J.-C. JUNCKER