COMMISSION OF THE EUROPEAN COMMUNITIES

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Recommendation for a

COUNCIL OPINION

in accordance with the third paragraph of Art. 5 of Council Regulation (EC) No 1466/97 of 7 July 1997

On the updated stability programme of Greece, 2005-2008

(presented by the Commission)

EXPLANATORY MEMORANDUM

Background

The Stability and Growth Pact, which entered into force on 1 July 1998, 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. In 2005, the Pact was amended for the first time. The reform acknowledged the Pact's usefulness in anchoring fiscal discipline but sought to strengthen its effectiveness and economic underpinnings as well as to safeguard the sustainability of the public finances in the long run.

Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[1], which is part of the Pact, stipulates that Member States have to submit, to the Council and the Commission, stability or convergence programmes and annual updates thereof (Member States that have already adopted the single currency submit (updated) stability programmes and Member States that have not yet adopted it submit (updated) convergence programmes). The first stability programme of Greece was submitted in June 2000. In accordance with the Regulation, the Council delivered an opinion on it on 12 February 2001 on the basis of a recommendation from the Commission and after having consulted the Economic and Financial Committee. In accordance with the same procedure, updated stability and convergence programmes are assessed by the Commission and examined by the Committee mentioned above, while the Council may examine them.

In these programmes, Member States need to specify their medium-term objective for the budgetary position and set out the policy measures to achieve and maintain it, including the accompanying economic assumptions. Following the reform of the Pact, the medium-term objective should be differentiated for individual Member States in the light of the economic and budgetary heterogeneity in the Union, including as regards the fiscal risk to sustainability. Other elements of the reform are that a more symmetrical approach to fiscal policy over the cycle through enhanced budgetary discipline in economic good times should be achieved, while "major structural reforms" with a verifiable impact on long-term sustainability should be taken into account for a temporary deviation from the medium-term objective or the adjustment path towards it.

Taking into account the Commission services' autumn 2005 forecast, the code of conduct[2], the commonly agreed methodology for the estimation of potential output and cyclically-adjusted balances and the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008, the Commission has examined the recently submitted update of the stability programme of Greece and, based on its assessment below, has adopted a recommendation for a Council opinion on it.

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1 OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, p. 1). All the documents referred to in this text can be found at the following website: http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

2 "Specifications on the implementation of the Stability and Growth Pact and guidelines on the format and content of stability and convergence programmes", endorsed by the ECOFIN Council of 11 October 2005.

Assessment

(1) Greece submitted its fifth update of the stability programme covering the period 2005-2008 on 21 December 2005, three weeks later than the deadline specified in the new Code of Conduct. The programme broadly follows the model structure and data provisions requirements for stability and convergence programmes specified in the code of conduct[3].

(2) On 5 July 2004, the Council decided that Greece was in excessive deficit. On 17 February 2005, the Council decided to give notice to Greece, in accordance with Article 104(9) to correct the excessive deficit by 2006. The Commission services' autumn 2004 forecast underlying this decision expected the deficit to reach 5.5% of GDP in 2004. In its opinion of 6 April 2005 on the March 2005 revised updated stability programme, covering the period 2004-2007, the Council invited Greece to implement permanent measures to correct the excessive deficit by 2006 at the latest, reduce the cyclically-adjusted deficit by at least 0.5% of GDP from 2007 onward, ensure a faster debt reduction path, implement the enacted pension reforms to ensure the sustainability of public finances, and further improve the collection and processing of general government data.

(3) Over the last decade, driven by robust productivity growth, real GDP growth in Greece (on average 3½% per year) was among the highest in the EU. Sustained growth has led to strong real convergence, accompanied by a dramatic fall in HICP inflation, which nevertheless remains well above the EU average and by rising external imbalances. The general government deficit, in spite of high growth, remained on average well above 5% of GDP and attained 6.6% of GDP in 2004. Together with large below-the-line operations, it contributed to the accumulation of public debt which remained close to or above 110% of GDP during the last ten years.

(4) On the back of strong domestic demand, the programme projects growth accelerating from 3.6% in 2005 to 4.0% in 2008. The macroeconomic scenario appears favourable with growth in 2006 and 2007 almost 0.5 percentage point higher than in the vis-à-vis the Commission services' autumn 2005 forecasts, implying a relatively high estimate of the potential output growth. Inflation is set to decelerate from 3.5% in 2005 to 2.7% by 2008, consistent with the Commission services' autumn 2005 forecast.

(5) The update estimates the 2005 deficit at 4.3% of GDP[4], which compares with 3.7% of GDP in the Commission services' autumn 2005 forecast and in the previous update. The difference with the latter mainly reflects carry-over effects of the September 2005

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3 The programme has a gap in the compulsory data (Exchange rates are presented in terms of €/USD instead of nominal effective exchange rates) and does not provide all optional data prescribed by the new code of conduct. In particular, "Optional tables on "general government expenditure by function" and "the long-term sustainability of public finances" are not given in the stability programme. Additional data on "the treatment of FISIM, the components of the stock-flow adjustments", liquid financial assets, net financial debt and "the contribution of potential GDP growth" are not provided by the programme.

4 This figure does not include 0.3% of GDP (€512 million) corresponding to the reimbursement of European Regional Development funds. However, being a genuine one-off expenditure, its consideration would not have any impact on the fiscal effort in 2005, neither on the 2006-2008 adjustment path.

revisions of 2002-2004 deficit outcomes, notably leading to a revised 2004 deficit of 6.6% of GDP, while the Commission services' autumn 2005 forecasts included one-off revenues from an announced securitisation operation, which has not taken place.

(6) The update's budgetary strategy aims at reducing the deficit below the 3% of GDP threshold of the Treaty by 2006, in accordance with the Council notice under Article 104(9), and at pursuing fiscal consolidation towards a balanced budget. The fiscal correction is frontloaded. The deficit is projected to decline from 4.3% of GDP in 2005 to 2.6% in 2006 and, then, to 1.7% in 2008. The time profile for the primary surplus is similar, improving from 0.9% of GDP to 2.8%. The projected adjustment is achieved through both higher tax revenues and reductions in expenditures (interest payments and public consumption). One-off revenues worth 0.6% of GDP are envisaged for 2006. The favourable macroeconomic scenario partly explains the frontloading of the adjustment in the current update when compared with the previous one.

(7) According to the calculations of the Commission services on the basis of data in the programme and based on the commonly agreed methodology, the structural balance (the general government budget in cyclically-adjusted terms and net of one off and other temporary measures) is projected to improve from -4.8% of GDP in 2005 to -2.4% of GDP in 2008, against a background of high growth and a large positive output gap, thus providing for a reduction of around 0.6% of GDP per year. The update clearly identifies a medium-term objective (MTO) for the budgetary position as meant in the Stability and Growth Pact of a balanced budget in structural terms, which the update does not envisage to achieve by 2008. As the MTO set in the programme is more demanding than the minimum benchmark (estimated at -1¼% of GDP), its achievement should fulfil the aim of providing a safety margin, against the occurrence of an excessive deficit. The MTO set in the programme is at an appropriate level as it lies within the range indicated for euro area and ERM II Member States in the Stability and Growth Pact and the code of conduct and adequately reflects the debt ratio and average potential output growth in the long term.

(8) The budgetary outcomes could be worse than projected in the programme. There are risks associated with the favourable macroeconomic scenario and information on measures envisaged at the end of the programme is lacking Moreover, there are still some pending statistical issues with Eurostat (the estimation of surpluses of social security funds and of local governments) which might lead to an upward revision of deficit figures until 2005, with possible carry-over effects in 2006 and beyond, while the one-offs planned for 2006 are still pending of Eurostat's classification as deficit-reducing.

(9) Based on current information, conditional on the figures for actual deficits currently available, Greece is broadly on track to correct its excessive deficit by the 2006 deadline set by the Council. The planned 2005 deficit seems consistent with a rigorous implementation of the 2005 budget, while the 2006 budget targets a deficit of 2.6% of GDP. Since this includes one-off revenues worth 0.6% of GDP, the excessive deficit would not be corrected in 2006 on a permanent basis. However, the structural correction in 2006 is above the minimum 0.6% of GDP required by the Council. By contrast, the correction is less than 0.5% of GDP in 2008, when Greece is still expected enjoy an economic situation of good times. Moreover, according to the calculations of the Commission services on the basis of the programme based on the

commonly agreed methodology the cyclically-adjusted budget balance is not expected to respect the minimum benchmark within the programme period.

(10) The debt ratio is projected to fall from around 108% of GDP in 2005 to below 97% in 2008, mainly driven by the projected improvement in the primary surplus, and lower debt-increasing financial operations. The projected debt developments appear somewhat optimistic in the light of the risks to the budgetary projections and the history of large stock-flow adjustments, but the debt ratio seems to be sufficiently diminishing.

(11) With regard to the sustainability of public finances, Greece appears to be at high risk on grounds of the projected budgetary costs of ageing populations. The debt ratio is currently the highest in the EU and is projected to remain at very high levels throughout the projection period up to 2050. It is therefore necessary to implement rigorously the planned consolidation of public finances over the medium-term and to further strengthen the budgetary position in order to reduce risks to public finance sustainability. At the same time, the projected high increase of government expenditure, notably on pensions, over the projection period is expected to put a significant burden on public finances. To this end, resolutely implementing measures enacted and designing and carrying out additional structural reforms, notably on pensions, are necessary so as to reduce the risks to public finance sustainability.

(12) The envisaged measures in the area of public finances are broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008. In particular, the programme is consistent with the guideline (i) to secure economic stability; (ii) to safeguard economic and fiscal sustainability, and (iii) to promote a growth-and employment-oriented and efficient allocation of resources. However, actions to tackle important challenges in the pension system are postponed to a future social agreement, with an imprecise calendar.

(13) The National Reform Programme of Greece, submitted on 15 October 2005 in the context of the renewed Lisbon strategy for growth and jobs, identifies the following challenges with significant implications for public finances: (i) long-term sustainability of public finances; (ii) employment and education; (iii) business environment and competition; and (iv) R&D and innovation. Its budgetary implications are reflected in the update. The measures in the area of public finances envisaged in the stability programme are broadly in line with the actions foreseen in the National Reform Programme. In particular, the programme outlines, among others, measures to reduce the corporate tax rate to 25% by 2007, to fight against tax evasion reform the property taxation, and to rationalise healthcare spending.

Overall, the programme is consistent with the correction of the excessive deficit by 2006, subject to a full implementation of the envisaged adjustment and conditional on the effects on the planned deficits of possible further statistical revisions of budgetary data. In the light of the recommendations made by the Council under Article 104(9) of 17 February 2005, it would be appropriate for Greece to:

– implement the necessary permanent measures leading to the correction of the excessive deficit by 2006 at the latest;

– further pursue the reduction of the deficit in structural terms towards the MTO set in the programme, taking advantage of good economic times to reduce primary spending;

– enhance the efforts to identify and control factors other than net borrowing that contribute to the change in the debt levels, in order to ensure that the debt ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace;

– control public pension expenditure and resolutely implement the approved pension reforms to ensure the long-term sustainability of the public finances;

– further improve the collection and processing of the general government data, notably by enhancing the mechanisms that ensure a prompt and correct supply of budgetary data, in particular on social security.

Recommendation for a

COUNCIL OPINION

in accordance with the third paragraph of Art. 5 of Council Regulation (EC) No 1466/97 of 7 July 1997

On the updated stability programme of Greece, 2005-2008

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[5], and in particular Article 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On [14 March 2006], the Council examined the updated stability programme of Greece, which covers the period 2005 to 2008.

(2) Over the last decade, driven by robust productivity growth, real GDP growth in Greece averaged 3½% and was among the highest in the EU. Sustained robust growth has led to strong real convergence, accompanied by a dramatic fall in HICP inflation, which nevertheless remains well above the EU average, and by rising external imbalances. The general government deficit, in spite of high growth, remained on average well above 5% of GDP and attained 6.6% of GDP in 2004. Together with large below-the-line operations, it contributed to the accumulation of public debt which remained close to or above 110% of GDP during the last ten years.

(3) On 5 July 2004, the Council decided that Greece was in excessive deficit. On 17 February 2005, the Council decided to give notice to Greece, in accordance with Article 104(9) to correct the excessive deficit by 2006. The Commission services' autumn 2004 forecast underlying this decision expected the deficit to reach 5.5% of GDP in 2004. In its opinion of 6 April 2005 on the March 2005 revised updated stability programme, covering the period 2004-2007, the Council invited Greece to implement permanent measures to correct the excessive deficit by 2006 at the latest,

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reduce the cyclically-adjusted deficit by at least 0.5% of GDP from 2007 onward, ensure a faster debt reduction path, implement the enacted pension reforms to ensure the sustainability of public finances, and further improve the collection and processing of general government data.

(4) The update estimates the 2005 deficit at 4.3% of GDP[6], which compares with an estimate of 3.7% of GDP in the Commission services' autumn forecast and in the previous update. The difference with the latter mainly reflects carry-over effects of the September 2005 revisions of 2002-2004 deficit outcomes, notably leading to a revised 2004 deficit of 6.6% of GDP, while the Commission services' autumn 2005 forecasts included one-off revenues from an announced securitisation operation, which has not taken place.

(5) The update was submitted on 21 December 2005, three weeks later than the deadline specified in the new Code of Conduct on the content and format of stability and convergence programmes. The new programme broadly follows the model structure and data provision requirements for stability and convergence programmes specified in the new Code of Conduct[7].

(6) The macroeconomic scenario underlying the programme expects real GDP growth will pick up from 3.6% in 2005 to 3.9% on average over the rest of the programme period. Assessed against currently available information, this scenario appears to be based on favourable growth assumptions, with the projected evolution of growth in the medium term appears to be on the high side, implying a relatively high estimate of the potential output growth. The programme's projections for inflation appear realistic.

(7) The update's budgetary strategy aims at reducing the deficit below the 3% of GDP threshold by 2006, in accordance with the Council notice under Article 104(9), and at pursuing fiscal consolidation towards a balanced budget. The fiscal correction is frontloaded in 2006. The deficit declines from 4.3% of GDP in 2005 to 2.6% in 2006 and, then, to 1.7% in 2008. The time profile for the primary surplus is similar, improving from 0.9% of GDP to 2.8%. The projected adjustment is achieved through both higher tax revenues and cuts in expenditures (interest payments and public consumption). One-off revenues worth 0.6% of GDP are envisaged for 2006. The favourable macroeconomic scenario partly explains the frontloading of the adjustment in the current update when compared with the previous one.

(8) According to the calculations of the Commission services on the basis of data in the programme and the commonly agreed methodology, the structural balance (the general government budget in cyclically-adjusted terms net of one off and other temporary

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6 This figure does not include 0.3% of GDP (€512 million) corresponding to the reimbursement of European Regional Development funds. However, being a genuine one-off expenditure, its consideration would not have any impact on the fiscal effort in 2005, neither on the 2006-2008 adjustment path.

7 The programme has a gap in the compulsory data (Exchange rates are presented in terms of €/USD instead of nominal effective exchange rates) and does not provide all optional data prescribed by the new code of conduct. In particular, "Optional tables on "general government expenditure by function" and "the long-term sustainability of public finances" are not given in the stability programme. Additional data on "the treatment of FISIM, the components of the stock-flow adjustments", liquid financial assets, net financial debt and "the contribution of potential GDP growth" are not provided by the programme.

measures) is projected to improve from -4.8% of GDP in 2005 to -2.4% of GDP in 2008, thus providing for a reduction of around 0.6% of GDP per year. The update clearly sets a medium-term objective (MTO) for the budgetary position as meant in the Stability and Growth Pact of a balanced budget in structural terms, which the update does not envisage to achieve by 2008. As the MTO identified in the programme is more demanding than the minimum benchmark (estimated at -1¼%), its achievement should fulfil the aim of providing a safety margin, against the occurrence of an excessive deficit. The MTO set in the programme is at an appropriate level as it lies within the range indicated for euro area and ERM II Member States in the Stability and Growth Pact and the code of conduct and therefore, adequately reflects the debt ratio and average potential output growth in the long term.

(9) The budgetary outcomes could be worse than projected in the programme. There are risks associated with the favourable macroeconomic scenario and information on measures envisaged at the end of the programme is lacking. Moreover, there are still some pending statistical issues with Eurostat the estimation of surpluses of social security funds and of local governments) which might lead to an upward revision of deficit figures until 2005, with possible carry-over effects in 2006 and beyond, while the one-offs planned for 2006 are still pending of Eurostat's classification as deficit-reducing.

(10) Based on current information, and conditional on the risks above, Greece is broadly on track to correct its excessive deficit by the 2006 deadline set by the Council. The planned 2005 deficit seems consistent with a rigorous implementation of the 2005 budget, while the 2006 budget targets a deficit of 2.6% of GDP. Since this includes one-off revenues worth 0.6% of GDP, the excessive deficit would not be corrected in 2006 on a permanent basis. However, the structural correction in 2006 is above the minimum 0.6% of GDP required by the Council. By contrast, the correction is less than 0.5% of GDP in 2008, when Greece should still enjoy an economic situation of good times. Moreover, according to the calculations of the Commission services on the basis of data in the programme and the commonly agreed methodology the cyclically-adjusted budget balance is not expected to respect the minimum benchmark within the programme period.

(11) The debt ratio is estimated to have reached around 108% of GDP in 2005, far above the 60% of GDP Treaty reference value. The programme projects the debt ratio to decline by more than eleven percentage points over the programme period, mainly driven by the projected improvement in the primary surpluses, and lower debt-increasing financial operations. The evolution of the debt ratio is likely to be less favourable than projected in the programme given (i) the risks to the budgetary targets mentioned above; (ii) uncertainty about the stock-flow adjustment, which has tended to be large and predominantly debt-increasing in the past. In view of this risk assessment, the debt ratio seems to be sufficiently diminishing towards the reference value.

(12) With regard to the sustainability of public finances[8], Greece appears to be at high risk on grounds of the projected budgetary costs of ageing populations. The debt ratio is

[8] Details on long-term sustainability are provided in the technical assessment of the programme by the Commission services (http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm).

currently the highest in the EU, and is projected to remain at very high levels throughout the projection period up to 2050. It is therefore necessary to implement rigorously the planned consolidation of public finances over the medium-term and to further strengthen the budgetary position in order to reduce risks to public finance sustainability. At the same time, the projected high increase of government expenditure, notably on pensions, over the projection period is expected to put a significant burden on public finances. To this end, resolutely implementing measures enacted and designing and carrying out additional structural reforms, notably on pensions, are necessary so as to reduce the risks to public finance sustainability.

(13) The envisaged measures in the area of public finances are broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008. In particular, the programme is consistent with the guideline (i) to secure economic stability; (ii) to safeguard economic and fiscal sustainability, and (iii) to promote a growth-and employment-oriented and efficient allocation of resources However, actions to tackle important challenges on the pension system are postponed to a future social agreement, with an imprecise calendar.

(14) The National Reform Programme of Greece, submitted on 15 October 2005 in the context of the renewed Lisbon strategy for growth and jobs, identifies the following challenges with significant implications for public finances: (i) long-term sustainability of public finances; (ii) employment and education; (iii) business environment and competition; and (iv) R&D and innovation. Its budgetary implications are fully reflected in the update. The measures in the area of public finances envisaged in the stability programme are broadly in line with the actions foreseen in the National Reform Programme. In particular, the programme outlines, among others, measures to reduce the corporate tax rate to 25% by 2007, to fight against tax evasion, reform the property taxation, and to rationalise healthcare spending.

In the view of the above assessment, the Council acknowledges the efforts undertaken so far and the priority given by the government to a permanent reduction of the deficit. The Council notes that, overall, the programme is consistent with the correction of the excessive deficit by 2006, subject to a full implementation of the envisaged adjustment and conditional on the effects on the planned deficits of possible further statistical revisions of budgetary data. In the light of the recommendations made by the Council under Article 104(9) of 17 February 2005, the Council invites Greece to:

– implement the necessary permanent measures leading to the correction of the excessive deficit by 2006 at the latest;

– further pursue the reduction of the deficit in structural terms towards the MTO set in the programme, taking advantage of good economic times to reduce primary spending;

– enhance the efforts to identify and control factors other than net borrowing that contribute to the change in the debt levels, in order to ensure that the debt ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace;

– control public pension expenditure and resolutely implement the approved pension reforms to ensure the long term sustainability of the public finances;

– further improve the collection and processing of the general government data, notably by enhancing the mechanisms that ensure a prompt and correct supply of budgetary data, in particular on social security.

Comparison of key macroeconomic and budgetary projections

		2004	2005	2006	2007	2008
Real GDP (% change)	**SP Dec 2005**	**4.7**	**3.6**	**3.8**	**3.8**	**4.0**
	COM Nov 2005	4.7	3.5	3.4	3.4	n.a.
	SP March 2004	*4.2*	*2.9*	*3.0*	*3.0*	*n.a.*
HICP inflation (%)	**SP Dec 2005**	**3.0**	**3.5**	**3.2**	**3.0**	**2.7**
	COM Nov 2005	3.1	3.5	3.1	3.0	n.a.
	SP March 2004	*3.0*	*n.a*	*n.a*	*n.a*	*n.a.*
Output gap (% of potential GDP)	**SP Dec 2005[1]**	**1.4**	**1.1**	**1.1**	**1.1**	**1.5**
	COM Nov 2005[5]	2.0	2.0	2.0	2.2	n.a.
	SP March 2004[1]	***2.1***	***1.6***	***1.5***	***1.5***	*n.a.*
General government balance (% of GDP)	**SP Dec 2005**	**-6.6**	**-4.3**	**-2.6**	**-2.3**	**-1.7**
	COM Nov 2005	-6.6	-3.7	-3.8	-3.8	n.a.
	SP March 2004	*-6.1*	*-3.7*	*-2.9*	*-2.4*	*n.a.*
Primary balance (% of GDP)	**SP Dec 2005**	**-0.9**	**0.9**	**2.3**	**2.4**	**2.8**
	COM Nov 2005	-0.9	1.7	1.2	0.9	n.a.
	SP March 2004	*-0.4*	*1.8*	*2.7*	*3.3*	*n.a.*
Cyclically-adjusted balance (% of GDP)	**SP Dec 2005[1]**	**-7.2**	**-4.8**	**-3.1**	**-2.8**	**-2.4**
	COM Nov 2005	-7.5	-4.5	-4.6	-4.8	n.a.
	SP March 2004[1]	*-7.0*	*-4.4*	*-3.5*	*-3.0*	*n.a.*
Structural balance[2] (% of GDP)	**SP Dec 2005[3]**	**-7.2**	**-4.8**	**-3.7**	**-2.8**	**-2.4**
	COM Nov 2005[4]	-7.5	-5.3	-4.6	-4.8	n.a.
	SP March 2004	*-7.0*	*-4.4*	*-3.5*	*-3.0*	*n.a.*
Government gross debt (% of GDP)	**SP Dec 2005**	**109.3**	**107.9**	**104.8**	**101.1**	**96.8**
	COM Nov 2005	109.3	107.9	106.8	106	n.a.
	SP March 2004	*110.5*	*109.5*	*107.2*	*104.7*	*n.a.*

Notes:
[1] Commission services calculations on the basis of the information in the programme.
[2] Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.
[3] One-off and other temporary measures taken from the programme (0.6% of GDP in 2006).
[4] One-off and other temporary measures taken from the Commission services' autumn 2005 forecast (0.8% of GDP in 2005).
[5] Based on estimated potential growth of 3.2%, 3.5%, 3.4% and 3.2% respectively in the period 2004-2007.

Source:

Stability programme (SP); Commission services' autumn 2005 economic forecasts (COM); Commission services' calculations.