COUNCIL DECISION

of 30 June 1997

abrogating the decision on the existence of an excessive deficit in the Netherlands

(97/416/EC)

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the recommendation from the Commission,

Whereas the second stage for achieving economic and monetary union began on 1 January 1994; whereas Article 109e (4) lays down that, during the second stage, Member States are to endeavour to avoid excessive government deficits;

Whereas there is an excessive deficit procedure which provides for a decision on the existence of an excessive deficit and, after the excessive deficit has been corrected, for the abrogation of that decision; whereas during the second stage, the excessive deficit procedure is determined by Article 104c excluding paragraphs 1, 9 and 11; whereas the Protocol on the excessive deficit procedure annexed to the Treaty sets out further provisions relating to the implementation of the excessive deficit procedure; whereas Regulation (EC) No 3605/93 [1] lays down detailed rules and definitions for the application of the provisions of the said Protocol;

Whereas following a recommendation from the Commission in accordance with Article 104c (6) the Council decided that an excessive deficit existed in the Netherlands; whereas in accordance with Article 104c (7) the Council made recommendations to the Netherlands with a view to bringing the excessive deficit situation to an end;

Whereas a Council Decision on the existence of an excessive deficit is to be abrogated, in accordance with the provisions of Article 104c (12), when the excessive deficit in the Member State concerned has, in the view of the Council, been corrected;

Whereas when abrogating the decision the Council is to act on a recommendation from the Commission; whereas, based on the data provided by the Commission after reporting by the Netherlands in March 1997 in accordance with Regulation (EC) No 3605/93, the following conclusions are warranted:

The general government deficit moderately widened in 1994 and 1995 to 4 % of GDP partly due to exceptional expenditure related to the reform of the social housing sector but this evolution has since been reversed. For 1996 the Council had recommended that the deficit should be reduced significantly below 2,8 % of GDP: the deficit was actually lowered to 2,4 % of GDP, a level below the Treaty reference value. It is expected to decline to about 2,3 % of GDP in 1997. According to the updated convergence programme of the Netherlands the general government deficit may decline further to 1,5 % in 1998.

Growth dynamics and the decrease in the deficit have now put the government gross debt ratio on a downward path: from a peak of 80,5 % of GDP reached in 1993, the debt ratio fell to 78,5 % in 1996.

The deficit was below the Treaty reference value in 1996 and is expected to remain so in 1997 and to decline further in the medium term; the gross debt ratio is currently decreasing and is expected to be on an accelerated declining path in the coming years,

HAS ADOPTED THIS DECISION:

Article 1

From an overall assessment it follows that the excessive deficit situation in the Netherlands has been corrected.

Article 2

The Council Decision of 26 September 1994 on the existence of an excessive deficit in the Netherlands is hereby abrogated.

Article 3

This Decision is addressed to the Kingdom of the Netherlands.

Done at Luxembourg, 30 June 1997.

For the Council

The President

A. NUIS

[1] 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 (OJ No L 332, 31. 12. 1993, p. 7).