COUNCIL DECISION

of 30 June 1997

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

(97/417/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 Finland; whereas in accordance with Article 104c (7) the Council made recommendations to Finland 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 Finland in March 1997 in accordance with Regulation (EC) No 3605/93, the following conclusions are warranted:

The widening of the government deficit during the deep recession of 1990-1993 has been reversed since then. The general government net borrowing in Finland declined in 1994 and 1995, and further in 1996, when it reached 2,6 % of GDP, a level below the Treaty reference value. General government net borrowing is expected to decline to 1,9 % of GDP in 1997. The updated Finnish convergence programme aims at a general government surplus in 1999.

The increasing trend in the government gross debt ratio has been brought to an end after 1994; the debt ratio declined in 1995 and 1996, when it was 58,7 % of GDP. The debt ratio has never exceeded the Treaty reference value of 60 % of GDP.

The deficit was below the Treaty reference value in 1996 and is expected to remain so in 1997 and to decline further, turning into a surplus in the medium term; the gross debt ratio is below the Treaty reference value and is expected to remain so in the foreseeable future,

HAS ADOPTED THIS DECISION:

Article 1

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

Article 2

The Council Decision of 10 July 1995 on the existence of an excessive deficit in Finland is hereby abrogated.

Article 3

This Decision is addressed to the Republic of Finland.

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).