II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION
of 1 May 1998
abrogating the Decision on the existence of an excessive deficit for Belgium

(98/307/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 started on 1 January 1994; whereas Article 109e(4) of the Treaty lays down that, in the second stage, Member States shall 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 of the Treaty, 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 said Protocol;

Whereas, following a recommendation from the Commission in accordance with Article 104c(6) of the Treaty, the Council decided on 26 September 1994 that an excessive deficit existed in Belgium; whereas, in accordance with Article 104c(7), the Council made recommendations to Belgium with a view to bringing the excessive deficit situation to an end [2];

Whereas a Council Decision on the existence of an excessive deficit is to be abrogated, in accordance with the provisions of Article 104c(12) of the Treaty, to the extent that 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 Belgium before 1 March 1998 in accordance with Regulation (EC) No 3605/93, the following conclusions are warranted:

Since 1993, the government deficit in Belgium has declined significantly and in 1997 it reached 2,1 % of GDP, which is below the Treaty reference value. It is forecast to decline to 1,7 % of GDP in 1998. According to the 1997 convergence programme of Belgium, the government deficit is projected to decline further to 1,4 % of GDP in 2000.

The government debt ratio peaked in 1993 at 135,2 % of GDP but has been declining every year since then to 122,2 % in 1997. A further decline is expected for 1998 and projected to continue in the following years in the Belgian convergence programme.

[1] OJ L 332, 31. 12. 1993, p. 7.

[2] Council recommendations of 7 November 1994, 24 July 1995, 16 September 1996 and 15 September 1997.

The reduction of the deficit and in particular the level reached by the primary surplus, amounting to more than 5 % of GDP since 1994, have contributed to putting the debt ratio on a downward path. Since the adoption of its convergence programme, the Belgian government has reconfirmed its commitment to maintain the primary surplus at the level of some 6 % of GDP over the medium term. This primary surplus is essential to maintaining the debt ratio on its sustainable downward path.

The deficit was below the Treaty reference value in 1997 and is expected to remain so in 1998 and to decline further in the medium term; the government debt ratio has been decreasing in the last four years and is expected to decline further in coming years,

HAS ADOPTED THIS DECISION:

Article 1

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

Article 2

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

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 1 May 1998.

For the Council

The President

G. BROWN