COUNCIL DECISION

of 20 June 2014

abrogating Decision 2010/290/EU on the existence of an excessive deficit in Slovakia

(2014/408/EU)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 126(12) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) On 2 December 2009, following a recommendation from the Commission, the Council decided, in Council Decision 2010/290/EU ([1]), that an excessive deficit existed in Slovakia. The Council noted that according to the data notified by the Slovak authorities in October 2009, the general government deficit was planned to reach 6,3 % of GDP in 2009, above the 3 %-of-GDP Treaty reference value, while the general government gross debt was planned to stand at around 36 % of GDP in 2009, well below the 60 %-of-GDP Treaty reference value. The general government deficit and debt for 2009 reached 8 % of GDP and 35, 6 % of GDP, respectively.

(2) On 2 December 2009, in accordance with Article 126(7) of the Treaty and Article 3(4) of Council Regulation (EC) No 1467/97 ([2]), the Council, based on a recommendation from the Commission, addressed a Recommendation to Slovakia with a view to bringing the excessive deficit situation to an end by 2013 at the latest. That Council Recommendation was made public.

(3) In accordance with Article 4 of the Protocol on the excessive deficit procedure annexed to the Treaties, the Commission provides the data for the implementation of the procedure. As part of the application of that Protocol, Member States are to notify data on government deficits and debt and other associated variables twice a year, namely before 1 April and before 1 October, in accordance with Article 3 of Council Regulation (EC) No 479/2009 ([3]).

(4) When considering whether a decision on the existence of an excessive deficit ought to be abrogated, the Council is to take a decision on the basis of notified data. Moreover, a decision on the existence of an excessive deficit should be abrogated only if the Commission forecasts indicate that the deficit will not exceed the 3 %-of-GDP Treaty reference value over the forecast horizon ([4]).

(5) Based on data provided by the Commission (Eurostat) in accordance with Article 14 of Regulation (EC) No 479/2009, following the notification by Slovakia before 1 April 2014, and on the Commission services 2014 spring forecast, the following conclusions are justified:

— Having peaked at 8 % of GDP in 2009, the general government deficit in Slovakia has been brought down to 2,8 % of GDP in 2013 in line with the Council Recommendation of 2 December 2009. The deficit reduction was driven by fiscal consolidation on both the revenue and the expenditure side, including one-off measures.

— The 2014 Stability Programme targets the headline deficit of 2,6 % of GDP in 2014 and a further reduction to 2,5 % of GDP in 2015, 1,6 % of GDP in 2016 and 0, 5 % of GDP in 2017. The Commission services 2014 spring forecast projects the general government deficit to increase slightly to 2,9 % of GDP in 2014 and return to 2,8 % of GDP in 2015. The deficit is thus set to stay below the 3 %-of-GDP Treaty reference value over the forecast horizon.

([1]) Council Decision 2010/290/EU of 2 December 2009 on the existence of an excessive deficit in Slovakia (OJ L 125, 21.5.2010, p. 48).
([2]) Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).
([3]) Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (OJ L 145, 10.6.2009, p. 1).
([4]) In line with the 'Specifications on the implementation of the Stability and Growth Pact and Guidelines on the format and content of Stability and Convergence Programmes', of 3 September 2012. See: http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/code_of_conduct_en.pdf

— The structural balance, that is the general government balance adjusted for the economic cycle and net of one-off and other temporary measures, has improved on average by 1,5 % of GDP a year over the period 2010-2013. While it is projected to deteriorate slightly in 2014, an improvement is forecast in 2015, based on a no-policy-change assumption. In that context, it appears that there is an emerging gap of 0,3 % of GDP relative to the required adjustment of the structural balance towards the medium-term budgetary objective (MTO) in 2014, suggesting that there is a need to reinforce the budgetary measures in order to ensure full compliance with the preventive arm of the Stability and Growth Pact in view of the emerging risk of a deviation from the required adjustment path.

— The general government debt reached 55,4 % of GDP in 2013. The Commission services 2014 spring forecast projects the general government debt to increase further to 56,3 % of GDP in 2014 and 57,8 % of GDP in 2015.

(6) Starting from 2014, which is the year following the correction of the excessive deficit, Slovakia is subject to the preventive arm of the Stability and Growth Pact and should progress towards its MTO at an appropriate pace, including respecting the expenditure benchmark.

(7) In accordance with Article 126(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.

(8) In the view of the Council, the excessive deficit in Slovakia has been corrected and Decision 2010/290/EU should therefore be abrogated,

HAS ADOPTED THIS DECISION:

Article 1

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

Article 2

Decision 2010/290/EU is hereby abrogated.

Article 3

This Decision is addressed to the Slovak Republic.

Done at Luxembourg, 20 June 2014.

For the Council
The President
G. A. HARDOUVELIS