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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Follow-up to the Council Decision of 16 February 2010, giving notice to Greece to take measures for the deficit reduction judged necessary in order to remedy the situation of excessive deficit

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1. INTRODUCTION

This Communication assesses the decisions taken so far by the Greek authorities in order to achieve the 2010 budgetary target in response to the Council Decision of 16 February 2010, on the basis of the *'March 2010 Report to the implementation of the Hellenic stability and growth programme and additional measures'*. The report, as provided in Article 4(1) of the Council Decision was transmitted by Greece on 8 March 2010, a week in advance of the deadline. It refers not only to the fiscal measures that aim at reducing the government deficit ratio in 2010, but also to the structural reforms covered by the stability programme.

In view of the submission of the March 2010 report by the Greek authorities, the Commission services, assisted by ECB and IMF staff, organized a technical mission to Athens, from 22 to 24 February 2010, and met the Greek authorities to discuss the implementation state of stability programme and the response to the Council Decision. Another mission, led by Commissioner Rehn took place on 1 March 2010.

2. THE EXCESSIVE DEFICIT PROCEDURE: TACKLING A FISCAL CRISIS IN GREECE

Many EU countries are presently facing general government deficits above the 3% of GDP reference value set in the Treaty. The often strong deterioration in the deficit as well as the debt positions must be seen in the context of the unprecedented global financial crisis and economic downturn. While in Greece the current deterioration in public finances must also be seen in the same context, fiscal imbalances have been high and persistent for many years, in spite of the buoyant economic activity up to 2008, suggesting structural roots. In particular, public deficits reflect insufficient control of public expenditure, while revenue projections have proven to be systematically overoptimistic. Fiscal policy contributed to aggravate the external imbalances and to protracted losses in competitiveness. Moreover, structural and endemic deficiencies related to the recording of Greek government accounts, have also been detrimental for timely and effective revenue and expenditure control. High government deficits have led to one of the highest public debt ratios in the EU, which is now significantly above 100% of GDP, and remains on a steep upward path.

On 3 February 2010, the Commission adopted a proposal for a Council Decision under Article 126(9) TFEU giving notice to Greece to take measures for the deficit reduction judged necessary in order to remedy the situation of excessive deficit[1,2]. At the same time, the

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[1] COM(2010) 93 (http://ec.europa.eu/economy_finance/sgp/pdf/30_edps/104-09_commission/2010-02-03_el_126-9_commission_en.pdf). All EDP-related documents for Greece can be found at: http://ec.europa.eu/economy_finance/sgp/deficit/countries/index_en.htm.

[2] The ongoing excessive deficit procedure for Greece started on 18 February 2009, when the Commission adopted a report under Article 104(3) TEC, on the basis of which, and in accordance with Article

Commission put forward a draft Council Recommendation under Article 121(4) TFEU with a view to ending the inconsistency with the broad guidelines of the economic policies in Greece and removing the risk of jeopardising the proper functioning of the economic and monetary union[3], and a draft Council Opinion on the update of the Hellenic stability programme[4]. On 11 February 2010, the European Council invited the ECOFIN Council to adopt the documents put forward by the Commission, and called the Commission to closely monitor the implementation of the Council decision and recommendation in liaison with the ECB and drawing on the expertise of the IMF[5].

On 16 February 2010, the ECOFIN Council adopted the above-mentioned decision, recommendation and opinion[6]. The Council requested Greece '*to put an end to the present excessive deficit situation as rapidly as possible and, at the latest, by the deadline of 2012*' and indicated the path for the correction in the excessive deficit from 2010 to 2012 (Article 1). Based on the Hellenic Stability Programme, the Council Decision contained a detailed list of urgent fiscal measures to be taken by 15 May 2010 (Article 2, Section A) other measures to be adopted by the end of 2010 (Article 2, Section C) and to be adopted by 2012 (Article 2, Section D). The Decision also requested Greece to adopt a series of measures in relation to the compilation and processing of statistics (Article 3). To the extent that a number of risks associated with the deficit and debt ceilings for 2010 provided in the Council Decision materialise, Greece was requested to announce additional measures to ensure that the 2010 budgetary target was met. According to the Decision, the additional measures should focus on expenditure cuts, but could also include revenue-increasing measures (Article 2, Section B). Those additional measures, as well as information on the implementation of fiscal measures in 2010, should feature in a report to be submitted to the Council and the Commission and made public (Article 4(1)). According to the Council Decision (Article 4(4)), the Commission may indicate the measures needed to respect the adjustment path set in the Decision for the correction on the excessive deficit.

3. ACTION TAKEN BY GREECE IN RESPONSE TO THE COUNCIL DECISION AND TO IMPLEMENT THE JANUARY 2010 UPDATED STABILITY PROGRAMME

The latest update of the Greek stability programme, which was submitted on 15 January 2010, targets a budgetary target of 8.7% of GDP in 2010, down from a headline deficit of 12.7% of GDP in 2009. The programme outlined a detailed package of fiscal consolidation measures

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104(4) TEC - SEC(2009) 197 - the Economic and Financial Committee (EFC) formulated an opinion on 27 February 2009. On 24 March 2009 the Commission, adopted, in accordance with Article 104(5) TEC, its opinion that an excessive deficit existed in Greece - SEC(2009) 263. On 27 April 2009, upon a recommendation by the Commission, the Council decided, in accordance with Article 104(6) TEC that an excessive deficit existed in Greece - Council Decision 2009/415/EC (OJ L 135, 30.5.2009, p. 21). At the same time, in accordance with Article 104(7) TEC, the Council addressed recommendations to Greece to put an end to the excessive deficit situation by 2010. On 11 November 2009, the Commission assessed the action taken by Greece in response to the Council recommendation of 27 April 2009, and concluded that the action taken was inadequate, and addressed a recommendation for a decision to the Council. The Council decided accordingly on 2 December 2009 under Article 126(8) TFEU.

3 COM(2010) 95.

4 COM(2010) 94. The update of the Hellenic Stability Programme was submitted to the Council and the Commission, and made public on 15 January 2010.

5 http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/112856.pdf

6 http://register.consilium.europa.eu/pdf/en/10/st06/st06147.en10.pdf, http://register.consilium.europa.eu/pdf/en/10/st06/st06145.en10.pdf and http://register.consilium.europa.eu/pdf/en/10/st06/st06560.en10.pdf

for 2010, focusing mainly on public revenue enhancement and to a lesser extent, on public spending retrenchment. Nominal fiscal adjustment in 2010, as planned in the stability programme, reflects an increase in total revenue-to-GDP ratio of 2.6 percentage points of GDP and a reduction in total expenditure-to-GDP ratio of 1.4 percentage points of GDP.

On 2 February 2010, Greece announced a set of measures additional to those announced in the stability programme, with a deficit-reducing impact of somewhat less than ½% of GDP. This set of additional measures consisted in fully freezing wages in the public sector (leading to additional savings of 0.1% of GDP) and raising further the excise duties on fuels (leading to additional revenue of around 0.3% of GDP). The Greek authorities made also clear on that occasion that the government stood ready to announce and implement further measures, if necessary[7].

The Council Decision of 16 February 2010 (Article 2, Section A) requests Greece '*to implement a number of fiscal consolidation measures, including those spelled out in the stability programme*' by 15 May 2010. These measures are related to both government expenditure cuts and revenue enhancing policies.

Annex I summarizes the state of progress in relation to these measures[8].

4. ASSESSMENT OF RISKS TO THE 2010 DEFICIT TARGET PRIOR TO THE LATEST POLICY DECISIONS

Possible delays in rigorously implementing the fiscal consolidation measures in 2010, as outlined in the updated programme, had been identified by the Commission as a source of concern.[9] Moreover, the budgetary strategy outlined in the programme was also said to be subject to downside risks, with the growth assumptions underlying the central macroeconomic scenario of the programme being optimistic[10].

The risk of deviations from the 2010 deficit target was estimated by the Commission services at 1½% of GDP, at least[11]. The following issues were taken into account in the risk assessment:

1. The central macroeconomic scenario underlying the stability programme assumes a contraction in real GDP of 0.3% in 2010. Real GDP contracted by 2% in 2009, instead of 1.2% estimated in the programme. Worse than expected results in 2009 will have an automatic negative impact on the real GDP growth for 2010, with the

7 On the same occasion, Greece announced that within the next weeks, a comprehensive reform of the pension system would be submitted to Parliament.

8 The report submitted by Greece on 8 March 2010 provides a more complete list of measures adopted to implement the stability programme.

9 See the explanatory memoranda accompanying the Commission proposals for the Council Decision, Recommendation and Opinion of 16 February 2010 - COM(2010) 93, 94 and 95.

10 Available cash data on the January 2010 budgetary execution for central government suggest that both revenue and expenditure performed within targets, with the most promising sign being the contraction of primary expenditure. Nevertheless, some one-off revenue was collected in January (related to the extraordinary tax imposed to highly-profitable companies and large properties). Moreover, the fall in capital expenditure and interest payments on a cash basis may be also related change in the seasonal pattern of expenditure.

11 According to the report submitted by Greece on 8 March, the fiscal adjustment gap prior to the announced measures on 3 March 2010 was 'between 1 and 1.5% of GDP.'

carry-over effect at the beginning of the year standing at -0.9%. Moreover, according to available leading indicators, economic activity is set to loose further steam in 2010, on the back of a number of factors, in particular the latest developments in financial markets and the implementation of an appropriately restrictive fiscal policy. Even if assumed that the worst quarterly real growth rates are already behind us (i.e. the largest contraction in economic activity was in the 4th quarter in 2009), annual real GDP is expected to decline further in 2010, by at least 2¼%. This will have, by itself, a substantial impact on government accounts.

2. According to the stability programme, interest expenditure was expected to increase by ¼ of one percent point of GDP in 2010, compared to 2009. Available information of the debt composition and maturity, as well as the interest rates of recent debt issuances suggests that interest expenditure shall increase beyond official estimations.

3. The tax reform will be launched in March 2010. It is an ambitious undertaking. It is expected to start producing additional tax revenue after the 2nd quarter of the year. In particular, efforts to widen the tax base for household and corporate income taxation (through the imposition of a unique taxation scale and elimination of income tax exemptions) are expected by the authorities to increase tax revenue by some ½% of GDP. While the Commission shares the intentions of these measures and believes that they may enhance tax collection, administrative deficiencies and possible delays in initial phases of the reform invite to be prudent in the estimation of tax revenue.

4. In the context of the tax system reform, the government has launched a number of administrative actions with a view to intensifying the fight against tax and social contributions evasion, improving collection and to increasing compliance. The government expects to increase public revenue by more than ½% of GDP, already in 2010, as a result of the fight against tax evasion. A similar amount is also expected to come from the fight against social contribution evasion. Given experience in Greece and in other EU Member States, and bearing in mind that this kind of measures may take longer time to yield expected gains, especially during recessionary periods, the Commission services estimate that even if some gains materialise in the short-term, they may be much smaller that officially estimated.

5. The Greek government has also set an ambitious target for accelerating absorption of the EU funds absorption in 2010. In particular, it assumes that, at the end of 2010, absorption of structural funds will reach 15% of funds available for the period 2007-13. Based on this assumption, revenue from structural funds in 2010 is expected to increase by more than ½% of GDP. According to the Commission services, this is quite a favourable assumption.

5. Measures Announced by Greece After the Council Decision of 16 February

The Council Decision of 16 February 2010 indicated (Article 2, Section B) that, ‘to the extent that a number of risks materialised,’ Greece should announce additional measures.

On 3 March 2010, the Greek authorities – after having exchanged views with the Commission services, assisted by the ECB and the IMF – officially announced a number of additional deficit reducing measures, amounting to 2% of GDP (or EUR 4.8 billion), to be implemented in 2010[12]. The additional fiscal measures announced on 3 March are ambitious; they include significant expenditure cuts, and in particular savings in the public wage bill, which are essential for achieving permanent fiscal consolidation effects and restoring competitiveness (Annex II).

The measures announced and presented in the report consist in equal shares of permanent revenue enhancing measures (1% of GDP or EUR 2.4 billion) and permanent expenditure cuts (1% of GDP or EUR 2.4 billion). The presentation of most measures is precise and the quantitative information provided sufficient. The draft law including all additional fiscal measures was tabled the same day with the announcement and was be adopted by Parliament on 5 March 2010. The same bill also included a number of previously announced, but not yet adopted measures. Some of the measures, in particular the ones related to tax rates raises, will take effect from 15 March on.

6. CONCLUSION AND NEXT STEPS

In conclusion, Greece is implementing the Council Decision of 16 February 2010 and the measures outlined in the Greek Stability Programme.

Against available information, the fiscal measures announced by the Greek authorities on 3 March 2010, adopted by Parliament on 5 March and included in the report submitted to the Commission on 8 March, appear sufficient to safeguard the 2010 budgetary targets provided in the Council Decision of 16 February 2010 and in the stability programme.

According to Article 4(2) of the Decision, '*Greece shall submit to the Council and the Commission and shall make public, by 15 May 2010 at the latest, a report outlining the policy measures to comply with this Decision*'. The contents of the report due by 15 May should be consistent with Article 4(3) of the Decision and present in full detail, the fiscal consolidation measures to be implemented in 2010, including a detailed calendar of implementation of all measures announced, but also the preparatory steps to be made for the respective measures to be taken in 2011 and 2012. The report should also include data on the monthly State budget execution, infra-annual budget implementation by social security, local government and extra-budgetary funds, debt issuance and reimbursements, public employment, spending arrears and financial situation in public enterprises. Thereafter, Greece is requested to submit and make such reports public, on a quarterly basis.

Moreover, in line with the Council recommendation of 16 February under Article 121(4) TFEU, '*Greece is invited to report on measures taken in response to this Recommendation, and on the calendar of the implementation of the structural measures, outlined in the January 2010 update of the stability programme, in the context of the quarterly reports established by Article 4(2) of the Council Decision of 16 February 2010*', including the reforms to increase the competitiveness of the economy in the field of pensions, healthcare, public administration,

[12] The President of the Commission 'welcomed the announcement by the Greek Government to introduce a set of additional consolidation measures and to confirm its commitment to take all necessary measures to deliver the programme's objectives'. This assessment was also shared by the Chairman of the Eurogroup. The ECB 'appreciated enormously what has been decided because judging it appropriate', while the IMF 'welcomed the very strong fiscal package for 2010,' noting also that the implementation of the fiscal program will be a crucial step forward in a multi-year process.

the functioning of product markets, labour market, absorption of structural funds, supervision of the financial sector, and statistics.

Therefore, while the assessment of actions taken by Greece is response to the Council Decision of 16 February 2010 in this report has focused on fiscal measures that ensure the reduction of the government deficit to 8.7% of GDP in 2010, the ongoing assessment by the Commission will progressively widen to structural reforms and to the fiscal plans for 2011 and 2012.

ANNEX I: URGENT FISCAL MEASURES TO BE TAKEN BY 15 MAY 2010, according to Article 2, Section A of the Council Decision of 16 February 2010

Measure	State of progress and other comment
Expenditure	
'(a) move 10 % of budgetary appropriations (other than wages and pensions) of the government's departments in the budget for 2010 to a contingency reserve, pending a reallocation of appropriations among departments and the identification of spending programmes to be rationalised, leading to a sizeable permanent reduction in expenditure;'	The relevant ministerial decision has been signed. A number of administrative measures are being implemented to enforce it. It is still early to identify specific savings resulting from the contingency reserve, and no saving coming from the contingency reserve has been included in the stability programme plans.
'(b) reduce the wage bill, including by freezing nominal wages in central government, local governments, state agencies, and other public institutions and implementing employment cuts; stop new recruitment in 2010 and cancel vacancies in the general government sector, including temporary contracts, in particular by not replacing officials who retire;'	A decision on public wage freeze for wages above a given threshold (subsequently the wage freeze was extended to all wages; see below), a freeze in recruitments and cuts in temporary employment schemes have been decided by the Council of Ministers. Stricter rules have also been decided in relation to overtime employment and travel expenses. The respective law was adopted by Parliament on 5 March and applied retroactively since 1 January 2010. However, as planned in the stability programme, the recruitment freeze is not being extended to security personnel, nursing staff and teachers.
'(c) cut special allowances paid to civil servants (including from off-budget accounts) leading to a cut in total remuneration in the general government sector, as a first step to improve the public wage system and streamline the public wage grid;'	A 10% reduction in allowances (excluding family allowances and child benefit-related allowances) was decided by the Council of Ministers. The respective law, including the additional cut by 2% announced on 3 March, was adopted by Parliament on 5 March and applied retroactively since 1 January.
'(d) adopt nominal cuts in transfers paid by the social security, including through measures to restrict the indexation of benefits and entitlements;'	The freeze of pensions, and cuts in government financing to social security will be implemented in March 2010, retroactively from 1 January.
Revenue	
'(e) implement a progressive tax scale for all sources of income and a horizontally unified treatment of income generated from labour and capital assets;'	A thorough tax reform has been adopted by the Council of Ministers; the respective law is expected to be adopted by Parliament in March 2010 and applied retroactively since 1 January; Taxes on inheritances and bequests are increased through a progressive taxation scale introduced by a law adopted by Parliament in January 2010.
'(f) abrogate all exemptions and autonomous taxation provisions in the tax system, including income from special allowances paid to civil servants;'	
'(g) introduce presumptive taxation for self-employed persons;'	
'(h) introduce permanent levies on buildings and increase tax rates on real estate as compared to the rates as of 31 December 2009;'	

Measure	State of progress and other comment
‘(i) increase tobacco, alcohol and fuel excise duties, as compared to the rates as of 31 December 2009;’	The respective law has been adopted by Parliament and enacted in January 2010. The respective tax rates have been increased on two occasions at the beginning of February and beginning of March (see below)
‘(j) spell out in detail and implement, by the end of March 2010, the currently planned tax system reforms, while using the potential efficiency gains to further reduce the deficit.’	See above (e) to (h).

ANNEX II: SUMMARY TABLE OF THE ADDITIONAL FISCAL MEASURES ANNOUNCED ON 3 MARCH 2010

	million EUR	% GDP	Comment
	(as announced by Greece)		
Revenue			
Increase in VAT rates (from 4,5%, 9% and 19% to 5%, 10% and 21% respectively)	**1300**	**0,5%**	Total VAT revenue in 2009 reached some 6.9% of GDP (or EUR 16.5 billion). The estimation provided by Greece seems realistic, provided that the measure takes effect as of 15 March. The full-year budgetary impact of this measure would be ¾% of GDP. Changes in the tax base – in relation to the contraction of internal demand – and tax evasion may result to lower than expected gains.
Increases in excise taxes (additional to those previously voted in Parliament), of which:	**1100**	**0,5%**	The Greek authorities have already proceeded with raises in excise duties, as presented in the stability programme and announced on 2 February.
(i) Increase in petrol excise tax by 0,08 euro (about 0,10 price increase) and in diesel by 0,03 euro (about 0,04 euro price increase)	450	0,2%	The additional increase in the excise duties on fuel products raises the fuel final price closer to the EU average, implying an increase in revenue from excise duties on fuel by some 10%. An increase of the excise duties, similar to the cumulated increase announced on 2 February and 3 March, was implemented in 2009 and resulted to increased revenues by some 20%. Expected gains are comparable to the ones from the recent increases in excise duties on fuel in 2009 and seem within reach. However, the implications on tax revenue of a contraction in demand should not be underestimated.

	million EUR	% GDP	Comment
	(as announced by Greece)		
(ii) Increase in (a) cigarette excise tax from 63% to 65% and in (b) alcohol excises by 20% (increase per bottle by 1,20 euro and by 0,60 euro for ouzo and tsipouro)	300	0,1%	(a) The recent increase in excise duties on tobacco, from 57.5% to 63%, submitted to Parliament last January and estimated to yield some 0.1% of GDP in 2010. The additional increase of the excise duties on tobacco announced on 3 March, from 63% to 65% (which is around half of the previous one) is expected to provide additional revenues of around 0.05% of GDP, which seems within reach. (b) The recent increase in excise duties on alcohol (of EUR 0.9 per bottle and EUR 0.45 for traditional products) submitted to Parliament is January is estimated to yield some 0.03% of GDP in 2010. The additional increase of the excise duties announced on 3 March (EUR 1.2 per bottle and EUR 0.6 for traditional products), is expected to provide additional revenues of around 0.05% of GDP, which seems within reach. It should be pointed out however, that increases in the final price of tobacco products and alcohols may have significant effects on demand (as well as on tax evasion) and result in lower than expected receipts.
(iii) Introduction of excise tax in electricity (2,5 euro/MWh in industrial consumption and 5 euro/MWh in household consumption - excluding electricity produced by renewable energy resources) and abolition of the excise tax exemption for diesel used by the Public Power Corporation	250	0,1%	The new excise tax on electricity is expected to yield 0.1% of GDP. As this tax should be collected through the electricity bills, this measure seems safe with respect to its implementation. Electricity consumption in 2010 in Greece is forecasted to reach 67.175GWh. The estimated budgetary impact seems realistic.

	million EUR	% GDP	Comment
	(as announced by Greece)		
(iv) Increase in the excise tax for luxury goods (covering cars above EUR 35 000, yachts, etc)	100	>0,1%	Lack of information does not allow a thorough assessment, so far, although the estimated additional revenue is quite small
Expenditure			
Reductions in public sector nominal wages and pensions (additional to the wage cutbacks already announced) of which:	**1700**	**0,7%**	The Greek authorities had previously announced cuts in allowances paid to civil servants, leading to a reduction in the overall public wage bill. Several supplementary measures have also led to a reduction in total public employment. The cuts announced on 3 March go beyond those in the programme and the announcements on 2 February.[13]
(i) Reduction by 30% in the Christmas bonus, 30% in the Easter bonus and 30% of the summer-holiday bonus	610	0,3%	The full cut of the 14th wage (paid to all public sector employees), would result in savings of around EUR 1 billion. The estimated budgetary impact of the measures announced by the government is realistic.

[13] The central government wage bill amounted in 2008 to EUR 22 871 million (9.6% of GDP). It increased by 11½% to EUR 25 492 million (10.6% of GDP) in 2009. According to the 2010 budget as put forward the Greek Parliament in October 2009, the central government wage bill would increase by 2.8% to EUR 26 213 (10.7% of GDP) in 2010. Taking into account the cuts in temporary public employment and the 10% cut in allowances (stability programme), the complete freeze in remuneration (2 February), the additional 2% cut in allowances (3 March), and the cuts in the Easter, summer and Christmas bonus (a.k.a. '13th and 14th monthly wages'), the central government wage bill is expected to fall by 4.6% as compared to 2009. The fall in nominal remunerations reaches 8½% as compared to 2009, if one considers that the allowances used to be taxed at a lower tax scale and from now on, will be included in the normal income bracket and thus, taxed at higher rate.

	million EUR	% GDP	Comment
	(as announced by Greece)		
(ii) Reduction by 2% in the wage supplements (additional to the 10% already announced)	130	>0,1%	Prior to the measures announced on 3 March, the authorities had already cut allowances paid to public servants by 10%, resulted to savings of around 0.3% of GDP (or EUR 650 million). The announcement of 3 March goes beyond and implies a further cut in allowances of 2%. The total cut in allowances would thus reach 12% and the estimated budgetary impact seems realistic.
(iii) Reduction by 7% in the wages in public enterprises and reduction by 30% in the Christmas bonus, Easter bonus and summer-holiday bonus each.	360	0,2%	For the public enterprises, this measure as such has no direct budgetary impact, since public enterprises are not part of the general government. However, it could imply a reduction in the subsidies paid by the state to public enterprises and lead indirectly expenditure reduction.
(iv) Reduction in the subsidies to the Public Power Corporation and the OTE (telecoms) pension funds, leading to a reduction in the relevant budget allocations	150	>0,1%	The measure seems within reach, although further information would be useful to substantiate the estimated savings.
(v) Freeze in all public and private sector pensions eliminating the announced increases incorporated in the budget and leading to savings in the budgetary allocations	450	0,2%	According to previous announcements made by the authorities, increases to pensions in 2010 would be above inflation (at around 1.5% points). The announcement made on 3 March, freezes all pensions, resulting to savings of some 0.2% of GDP (the amount corresponds to the increase that would be given to pension earners). The officially estimated budgetary impact seems realistic.

	million EUR	% GDP	Comment
	(as announced by Greece)		
Reductions in current and capital expenditures in the public sector	**700**	**0,3%**	The Greek authorities have announced, already in the stability programme, cuts in operational expenditure and subsidies to the public enterprises. They have previously announced an increase in investment and education expenditure in 2010. The cuts announced on 3 March go beyond those in the programme and cancel some of the planned expenditure increases.
(i) Reduction in the Public Investment Programme	500	0,2%	According to the stability programme, gross fixed capital formation would increase in 2010 by 0.3% of GDP (or EUR 800 million). It is in the discretion of the government to cancel the relevant appropriations by any amount. Should appropriate decisions be made, the cuts announced seem, within reach.
(ii) Reduction in the education expenditure (100 million euro from the Public Investment Programme and 100 million euro from the cancellation of the provisions for new education programmes)	200	0,1%	According to the stability programme, education expenditure would increase in 2010 by some 0.2% of GDP (or EUR 500 million). It is in the discretion of the government to cancel the relevant increased appropriations by any amount, including the Public Investment Program. Should the appropriate decisions be made, announced cuts seem within reach.
TOTAL	**4800**	**2,0%**	