

COUNCIL DECISION

of 27 June 1996

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

(96/420/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, in the second stage, the excessive deficit procedure is determined by Article 104c, excluding paragraphs 1, 9 and 11, of the Treaty; whereas the Protocol on the excessive deficit procedure annexed to the Treaty sets out further provisions relating to the implementation of that procedure; whereas Council 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 Denmark; whereas, in accordance with Article 104c (7), the Council made recommendations to Denmark, on 7 November 1994 and 24 July 1995, with a view to bringing the excessive 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) of the Treaty, 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 Denmark by March 1996 in accordance with Regulation (EC) No 3605/93, the following conclusions are warranted:

The temporary widening of the government deficit in 1993 has since been reversed. The Danish general

Government net borrowing decreased in 1994 and 1995, reaching 1,4 % of GDP in 1995, a level well below the Treaty reference value. It is expected to decline further in 1996;

A reduction in the gross debt ratio was achieved in 1994 and 1995, when the ratio was reduced from 80,1 % of GDP to 71,9 % of GDP. The evolution of the gross debt ratio, in particular its earlier increase, has been heavily influenced by special institutional features, which accounted for some 19 percent of GDP in 1995;

The deficit is now well below the Treaty reference value, and should remain so in the medium term, and the gross debt ratio has declined sharply for two consecutive years and is expected to decline markedly further,

HAS ADOPTED THIS DECISION:

Article 1

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

Article 2

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

Article 3

This Decision is addressed to the Kingdom of Denmark.

Done at Luxembourg, 27 June 1996.

For the Council

The President

A. MACCANICO

⁽¹⁾ OJ No L 332, 31. 12. 1993, p. 7.