

## COUNCIL DECISION

of 1 May 1998

## abrogating the Decision on the existence of an excessive deficit for Spain

(98/312/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 109c(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<sup>(1)</sup> 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 Spain; whereas, in accordance with Article 104c(7), the Council made recommendations to Spain with a view to bringing the excessive deficit situation to an end<sup>(2)</sup>;

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 Spain before 1 March 1998 in accordance with Regulation (EC) No 3605/93, the following conclusions are warranted:

The government deficit in Spain has been declining significantly since 1995 and in 1997 reached 2,6 % of GDP, which is below the Treaty reference value. A further reduction to 2,2 % of GDP is forecast for 1998. According to the 1997 convergence programme for Spain, the government deficit is projected to decline further to 1,6 % of GDP in 2000.

The government debt ratio peaked at 70,1 % of GDP in 1996 and then declined to 68,8 % in 1997. A further decline is expected for 1998 and projected to continue in the following years in the Spanish convergence programme.

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 debt ratio is currently diminishing and is expected to continue declining in coming years,

HAS ADOPTED THIS DECISION:

*Article 1*

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

*Article 2*

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

*Article 3*

This Decision is addressed to the Kingdom of Spain.

Done at Brussels, 1 May 1998.

*For the Council*

*The President*

G. BROWN

<sup>(1)</sup> OJ L 332, 31. 12. 1993, p. 7.

<sup>(2)</sup> Council recommendations of 7 November 1994, 24 July 1995, 16 September 1996 and 15 September 1997.