

**COUNCIL DECISION**

of 1 May 1998

**abrogating the Decision on the existence of an excessive deficit for the United Kingdom**

(98/315/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 <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 the United Kingdom; whereas, in accordance with Article 104c(7), the Council made recommendations to the United Kingdom 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 the United Kingdom before 1 March 1998 in accordance with Regulation (EC) No 3605/93, the following conclusions are warranted:

The government deficit in the United Kingdom has been declining significantly since 1993 and reached 1,9 % of GDP in 1997, which is well below the Treaty reference value. A further decline in the deficit to 0,6 % of GDP is forecast for 1998. According to the 1997 convergence programme for the United Kingdom, the government accounts are projected to show a surplus by the end of the decade.

The government debt ratio has never been above the 60 % of GDP Treaty reference value; after having increased for several years, it fell to 53,4 % of GDP in 1997.

The deficit was well below the Treaty reference value in 1997 and is expected to remain so in 1998 and to turn into a surplus in the medium term; the government debt ratio remains below the Treaty reference value,

HAS ADOPTED THIS DECISION:

*Article 1*

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

*Article 2*

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

*Article 3*

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

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.