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Notice No | Contents | Page

I *Information*

Council

EN

(Continued overleaf)

Commission

Corrigenda

EN

(1) Text with EEA relevance

I

(Information)

COUNCIL

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of the Czech Republic, 2004-2007

(2004/C 320/01)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004, the Council examined the convergence programme of the Czech Republic, which covers the period 2004 to 2007. The programme complies only partly with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'. In particular, the quality of ESA95 data on revenues and expenditures of both the functional sub-components and the subsectors of the general government needs to be further improved.

The budgetary strategy underlying the programme aims at gradual reduction of the general government deficit to 3,3 % of GDP in 2007 from 12,9 % in 2003 (5,9 % of GDP excluding a major one-off operation related to imputed state guarantees). The programme further mentions that the proposed path of deficit reduction indicates that the elimination of the excessive deficit would be completed by 2008. This goal is set to be achieved by fiscal consolidation measures adopted to a large extent in 2003 and 2004. The programme envisages that the fall in the general government revenue-to-GDP ratio is more than offset by the cut in the general government expenditure ratio. On the revenue side, the programme constitutes a shift from direct to indirect taxation. On the expenditure side, the programme foresees a decrease in transfers and subsidies and in government consumption. The programme envisages a slight increase in public investment expenditures as a share of GDP.

The macro-economic scenario underlying the programme reflects cautious growth assumptions, i.e. growth of 2,8 % in 2004 and an acceleration thereafter, reaching 3,5 % in 2007. This scenario is taken as the reference scenario for assessing budgetary projections. The projection for inflation appears realistic.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

The programme foresees the deficit to be reduced to 3,3 % of GDP in 2007 and to fall further thereafter, with the following intermediate targets: 5,3 % of GDP in 2004, 4,7 % of GDP in 2005, and 3,8 % of GDP in 2006. The adjustment path is not very ambitious in the absence of fundamental reforms in social expenditures and taking account of the projected recovery. The risks to the budgetary projections appear broadly balanced. On the one hand, the cautious macroeconomic scenario suggests that revenues could be better than expected and that expenditures could be less than budgeted. On the other hand, the impact of the numerous coinciding tax changes in 2004 on the behaviour of economic agents remains uncertain. In addition, important savings measures, particularly regarding government consumption, still need to be agreed upon. The budgetary stance in the programme seems sufficient to reduce the deficit to the 3 % of GDP deficit threshold by 2008.

The debt ratio increases by 4,1 percentage points over the programme period, reaching 41,7 % of GDP in 2007. The evolution of the debt ratio may be less favourable than projected, given possible developments affecting the stock-flow adjustment.

Regarding long term sustainability, the Czech Republic faces serious risks of budgetary imbalances in meeting the cost of an ageing population. Making progress towards securing an adequate primary surplus is essential to ensure that the public finances are on a sustainable footing. Furthermore, the budgetary strategy based on a gradual consolidation over the programme period needs to be complemented by measures that address directly the expected surge in age-related expenditures, including a comprehensive reform of pension and healthcare systems.

On 5 July 2004, on the basis of recommendations from the Commission, the Council decided that an excessive deficit existed in the Czech Republic in accordance with Article 104(6) of the Treaty and made recommendations under Article 104(7) to the Czech Republic with a view to bringing that situation to an end, in which the Council expresses its policy advice.

Key projections from the convergence programme of the Czech Republic

	2003	2004	2005	2006	2007
Real GDP growth (%)	2,9	2,8	3,1	3,3	3,5
Employment growth (%)	− 0,7	− 0,8	− 0,3	0,0	0,1
HICP inflation (%)	− 0,1	2,8	2,6	2,2	2,2
General government balance (% of GDP)	− 12,9	− 5,3	− 4,7	− 3,8	− 3,3
Government gross debt (% of GDP)	37,6	38,4	39,7	41,0	41,7

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Estonia, 2004-2008

(2004/C 320/02)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission ([2]),

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004 the Council examined the convergence programme of Estonia, which covers the period 2004 to 2008. The programme largely complies with the data requirements of the revised 'Code of Conduct on the content and format of stability and convergence programmes'.

The budgetary strategy underlying the programme aims at maintaining sound public finances as defined by a budgetary position of close-to-balance or in surplus. To this end, after a surplus of 2,6 % of GDP in 2003, the programme targets a small surplus of 0,7 % in 2004 and balanced budgets from 2005 onwards, accompanied by a gradual reduction in both the revenue and expenditure ratio, following a rise in both ratios in 2004 in connection with EU accession. Public investment is also expected to remain high with the Commission projecting public investment of 4,5 % of GDP in 2004 and 4,3 % of GDP in 2005. In particular, the programme incorporates reforms resulting in reduced direct taxes, combined with increased transfer payments and tax allowances. Strong growth, improved tax collection, savings on the expenditure side and changes to the spending structure along with increased VAT and excise duty revenues are projected to finance these reforms. The debt ratio, at 5,8 % of GDP in 2003, is very low and set to decline further to 3,2 % of GDP by 2008.

On the basis of currently available information, the macro-economic scenario underlying the programme seems to reflect plausible GDP growth assumptions of between 5 and 6 % over the programme period. The main sources of growth would be domestic demand (around 7 % p.a.), and accelerating export growth of up to 10 % annually. Private consumption is projected to grow at annual rates of 5 to 6 %. Investment is set to stay lively, expanding at 7 to 9 % per year, albeit no longer at rates above 10 % as was the case in recent years. The projection for inflation, which is set to increase to rates around 3 % starting in 2004, after a record low of 1,3 % in 2003, also appears realistic. The presently high current account deficit (13,7 % of GDP in 2003; 12,6 % according to the revised data) is projected to come down to levels around 8 % of GDP by 2008, still a high level.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

([2]) OJ C […] […], p. […]

The risks to the budgetary projections appear broadly balanced. On the one hand, Estonia has established a track record of prudent forecasting and repeated overshooting of fiscal targets over the past few years. On the other hand, unexpected revenue shortfall from the planned tax cuts, or adverse impacts on growth from exogenous shocks cannot be excluded altogether. Therefore the budgetary stance in the programme seems sufficient to maintain the Stability and Growth Pact's medium-term objective of budgetary position of close-to-balance; it should also provide a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations. However, the rapid reduction of surpluses as from 2004 over a period of continued buoyant growth, as envisaged in the programme, is likely to imply a distinct pro-cyclical fiscal stance. As a high external account deficit will continue to be the major macroeconomic imbalance in Estonia over the programme period, strict fiscal discipline as well as careful monitoring of credit growth are even more important to ensure a sustainable correction of this external imbalance.

At less than 6 % of GDP, Estonia's debt-to-GDP ratio is almost the lowest in the EU and is expected to decline further by 2,6 percentage points over the programme period. The actual trend is likely to be even more favourable than projected given the recent National Accounts revision that will permanently increase GDP levels and thus the ratio's denominator.

Estonia is well placed to meet the budgetary costs of an ageing population. A low government debt level, considerable government financial reserves and a medium-term budgetary strategy that is fully consistent with the objective of a close-to-balance or in surplus budgetary position together with the reforms of the pension and health care systems which are meant to stem budgetary pressures in the longer term should ensure that public finances remain on a sustainable footing.

Key projections from the convergence programme of Estonia

	2003	2004	2005	2006	2007	2008
Real GDP growth (%) (*)	4,7	5,3	5,8	5,6	5,9	5,8
Employment growth (%)	1,5	0,9	0,7	0,3	0,2	0,2
HICP inflation (%)	1,3	3,1	3,0	2,8	2,8	2,8
General government balance (% of GDP) (*)	2,6	0,7	0,0	0,0	0,0	0,0
Government gross debt (% of GDP) (*)	5,8	5,4	5,1	4,7	3,4	3,2

(*) These ratios do not take into account the National Accounts revision of 20 May 2004, which led statistically to a permanently higher GDP level. 2003 figures will be revised as follows: real GDP growth 5,1%, general government balance 2,4% of GDP, government gross debt 5,3% of GDP.

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Cyprus, 2004-2007

(2004/C 320/03)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004 the Council examined the convergence programme of Cyprus, which covers the period 2004 to 2007. The programme largely complies with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'.

The budgetary strategy underlying the programme aims at reducing the general government deficit from 6,3 % of GDP in 2003 to 2,9 % of GDP by 2005 to comply with the Maastricht deficit criterion by 2005 and further reduce the deficit to 2,2 % of GDP in 2006 and 1,6 % of GDP by 2007. To this end, the convergence programme envisages creating a rising primary balance surplus from a projected −1,6 % of GDP in 2004 to 2 % of GDP by 2007; and to reverse significantly the upward trend of the debt-to-GDP ratio from 75,2 % of GDP in 2004 to below 69 % by the end of the projection period. This is underpinned by a package of mostly structural measures to contain expenditure and to increase revenue, to about an equal degree. The measures are mostly implemented from 2005 onward.

The programme focuses on revenue enhancement and on expenditure control, which is where historically most of the slippage occurred. The particular adjustment path presented in the programme reflects the government commitment to improve public finances, given their intention to adopt the euro by 2007; this is the main factor behind the strong frontloading of the fiscal adjustment to decrease the general government budget deficit by 2,3 percentage points of GDP in 2005. Given the mixed record on fiscal consolidation, this looks rather ambitious and therefore requires strong commitment, including taking additional measures if necessary, for its implementation.

The macro-economic scenario underlying the programme, which projects real GDP growth to accelerate from 3,5 % in 2004 to 4,5 % in 2007, seems to reflect plausible growth assumptions. The projection for inflation also appears realistic. The programme contains four different scenarios for the macroeconomic and budgetary projections: a 'central' scenario, an 'upper' scenario, a 'lower' scenario and a 'higher interest rate' scenario. The so-called 'central' scenario is considered as the reference scenario for assessing budgetary projections because, on the basis of currently available information, it seems to reflect plausible growth assumptions.

The programme foresees the deficit to be reduced to (below) the 3 % of GDP reference value in 2005 and to fall further thereafter, although these targets are not consistent with a position of close-to-balance during the programme period.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

The budgetary outcome could be worse than projected. Given the size of the adjustment and the fiscal consolidation record of Cyprus, the objective for 2005 is subject to considerable uncertainty. The budgetary stance in the programme may not be sufficient to reduce the deficit to (below) the 3 % of GDP deficit threshold by 2005. It also may not provide a sufficient safety margin against breaching this threshold with normal macroeconomic fluctuations,

In the programme, the debt ratio peaks at 75,2 % in 2004 and then declines by almost 7 percentage points to reach 68,4 % of GDP by 2007. This strong decrease is mainly driven by increasingly positive primary balances and nominal GDP growth exceeding interest payments on government debt in 2005-2007. The evolution of the debt ratio may be less favourable than projected given the risks to the deficit outcomes mentioned above.

Regarding long-term sustainability, Cyprus faces risks of budgetary imbalances in meeting the costs of an ageing population. While the health care system reform is to be implemented in 2006, measures to reform the pension scheme are only in the initial stage. A timely and effective implementation of such reforms, together with the others measures necessary to secure an adequate primary surplus is essential to put public finances on a sustainable footing.

On 5 July 2004, on the basis of recommendations from the Commission, the Council decided that an excessive deficit existed in Cyprus in accordance with Article 104(6) of the Treaty and made recommendations under Article 104(7) to Cyprus with a view to bringing that situation to an end, in which the Council expresses its policy advice.

Key projections from the convergence programme of Cyprus

	2003	2004	2005	2006	2007
Real GDP growth (%)	2,0	3,5	4,3	4,4	4,5
Employment growth (%)	0,9	1,0	1,0	2,0	3,0
CPI inflation (%)	4,1	2,0	2,0	2,0	2,0
General government balance (% of GDP)	− 6,3	− 5,2	− 2,9	− 2,2	− 1,6
Government gross debt (% of GDP)	72,6	75,2	74,8	71,5	68,4

COUNCIL OPINION
of 5 July 2004
on the Convergence Programme of Latvia, 2004-2007

(2004/C 320/04)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004 the Council examined the convergence programme of Latvia, which covers the period 2004 to 2007. The programme complies only partly with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'. In particular, some data are not yet fully in line with ESA95 standards and the general government debt and deficit figures should be treated with caution, since the data submitted in the March 2004 fiscal notification were not validated by Eurostat.

The budgetary strategy underlying the programme aims to ensure compliance with Treaty obligations on general government deficits and eventually to reduce the deficit towards balance in the long term. Nevertheless, over the programme period the deficit is projected to remain at about 2 % of GDP, and with some deterioration in 2004 relative to 2003 due to a worsening of the central government balance. The programme envisages maintaining a primary deficit of the order of 1 % of GDP consistent with a slight reduction in both the revenue and expenditure ratios over the programme period. On the revenue side this is not fully explained, particularly for 2006 and 2007, since no further changes are envisaged after tax cuts in 2004 and collection efficiency is assumed to strengthen over the programme period. On the expenditure side this is assumed to result from firm expenditure control focusing on a reduction of transfers, while allowing for additional outlays linked to the obligations of NATO membership and to implementation of partly EU-financed spending plans. The two latter together account in 2004 for about 0,7 percentage points of GDP in net terms. The debt ratio, although increasing, at 17,7 % of GDP in 2007, remains very low.

The macroeconomic scenario underlying the programme seems to reflect rather favourable growth assumptions. In particular, the evolution of growth in the medium term projected in the programme could be slightly on the high side given structural constraints and the vulnerability of the economy to external shocks. The projection for inflation for 2004 is likely to be overshot but for later years appears realistic.

The programme's targets for the general government deficit are below the 3 % of GDP reference value in each year. However, the pace of consolidation is rather slow and the programme's targets are inconsistent with a position of close to balance within the programme period. Risks to the budgetary outcome seem broadly balanced. The possibly optimistic growth forecast noted above is a risk for the envisaged budgetary targets, while confidence in the programme is tempered by the evidence of poor data quality. This is countered by some apparent pessimism in revenue forecasts, particularly in the later programme years. The budgetary stance in the programme does not provide a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

In the light of this assessment, if the growth rates envisaged in the programme materialise, Latvia is recommended to make progress towards a close-to-balance budgetary position, particularly in view of its current account deficit and domestic demand pressures. Furthermore, Latvia is urged to improve the reliability and robustness of source data and methodologies used to ensure better adherence to ESA95 standards. Finally, the Latvian authorities are encouraged to proceed with the public sector reforms aimed at administrative capacity, thus increasing efficiency of the tax collection and strengthening expenditure control.

Latvia is relatively well-placed to meet the budgetary costs of an ageing population. The prospects for the long-term sustainability of public finances have been improved by the implementation of a three-pillar pension reform. This is further reinforced by the very low level of general government debt. However, the risk of long-term budgetary imbalances cannot be ruled out. Timely implementation of measures aimed at containing age-related expenditure, together with a fiscal consolidation so as to secure an adequate primary surplus is essential to ensure that the public finances are on a sustainable footing.

Key projections from the convergence programme of Latvia

	2003	2004	2005	2006	2007
Real GDP growth (%)	7,5	6,7	6,7	6,5	6,5
Employment growth (%)	1,8	1,0	1,0	0,5	0,5
HICP inflation (%)	2,9	4,5	3,7	3,0	3,0
General government balance (% of GDP)	− 1,8	− 2,1	− 2,2	− 2,0	− 2,0
Government gross debt (% of GDP)	15,3	16,2	16,8	17,3	17,7

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Lithuania, 2004-2007

(2004/C 320/05)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004 the Council examined the convergence programme of Lithuania, which covers the period 2004 to 2007. The programme largely complies with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'.

The budgetary strategy underlying the programme aims at 'approximating a cyclically balanced general government budget by ensuring a successful implementation of economic policy goals', although the strategy is not fully reflected in the programme's deficit targets. In particular, the programme envisages a deficit reduction of just 0,2 percentage points between 2003 and 2007, when the deficit is expected to be 1,5 % of GDP. This results from an increase in the GDP-share of both revenues and expenditure. The rise in the revenue ratio over the programme period is expected to amount to 2 percentage points, primarily due to a significant increase in non-tax revenues related to EU financial assistance. Tax revenues are expected to increase by 0,4 percentage points of GDP, despite the planned elimination of the road tax in 2005, which is estimated to negatively affect revenues by 0,5 % of GDP in the same year. Following a significant decrease of the expenditure ratio in the last five years, the ratio is foreseen to increase by 1,8 percentage points over the period under consideration, fully explained by an increase in primary expenditure, which is expected to be only marginally compensated by an anticipated decrease in interest payments. The increase in primary expenditure is foreseen to be mostly led by 'other expenditures' which are expected to rise by 0,9 % of GDP, mainly related to contributions to the EU budget, and by transfers and subsidies which are expected to increase by 0,7 % of GDP, to a large extent related with increasing subsidies to farmers, the compensation for the loss of rouble savings and real estate restitution plans and pension reform. Government gross fixed capital formation is expected to increase significantly by 1 % of GDP in the programme's first two years, but is projected to fall back to 3,1 % of GDP in 2007, remaining about 0,2 percentage points above the initial level of 2003.

The macro-economic scenario underlying the programme seems to reflect rather favourable growth assumptions. In particular, the projected growth rate in 2005, which has been revised upwards from 6,5 % in the 2003 pre-accession economic programme to 7,3 % in the convergence programme, appears on the high side. The evolution of growth in the medium term projected in the programme, while more cautious than in the initial years of the programme, still appears relatively optimistic. The projections for inflation appear realistic.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

The programme's targets for the general government deficit are below the 3 % of GDP reference value in each year. However, they are not consistent with a position of close-to-balance during the programme period. Moreover, the budgetary stance in the programme does not provide a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations, at least in the initial years of the programme period. The budgetary outcome could be worse than projected. In particular, the downside macroeconomic risks highlighted above and past experience with expenditure overruns in response to better-than-planned revenue outturns represent a risk to the envisaged budgetary targets.

In the light of this assessment, if the growth rates envisaged in the programme materialise, Lithuania is recommended to make further progress towards a close-to-balance budgetary position, particularly in view of its current account deficit and domestic demand pressures. Furthermore, Lithuania is urged to implement strictly the budget in order to reduce the risk of breaching the 3 % reference value in 2004. Finally, the Lithuanian authorities are encouraged to use better-than-projected revenues for deficit reduction.

Lithuania is placed relatively well to meet the budgetary costs of an ageing population although some risk may emerge in the long-run. A number of measures aimed at improving the age dependency ratio and at modernising the pension and health-care systems are being implemented to improve the long-term sustainability of public finances. Nevertheless, there are risks related to the short-term costs of the pension and health-care reforms and the outstanding contingent liabilities. Securing an adequate primary surplus is essential to ensure that the public finances remain on a sustainable footing.

Key projections from the convergence programme of Lithuania

	2003	2004	2005	2006	2007
Real GDP growth (%)	9,0	7,0	7,3	6,6	6,3
Employment growth (%)	2,0	0,7	1,0	0,2	0,2
HICP inflation (%)	− 1,2	0,9	2,0	2,1	2,5
General government balance (% of GDP)	− 1,7	− 2,7	− 2,5	− 1,8	− 1,5
Government gross debt (% of GDP)	21,5	22,4	22,2	21,4	21,0

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Hungary, 2004-2008

(2004/C 320/06)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004, the Council examined the convergence programme of Hungary, which covers the period 2004 to 2008. The programme largely complies with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'.

The budgetary strategy underlying the programme aims at reducing the general government deficit to below 3 % of GDP by 2008, while at the same time reducing the weight of the public sector in the economy. To this end, the programme envisages a frontloaded consolidation with the government deficit decreasing from 5,9 % of GDP in 2003 to 4,6 % of GDP in 2004, followed by a yearly adjustment of some ½ percentage point of GDP (4,1 % of GDP in 2005, 3,6 % in 2006, 3,1 % in 2007 and 2,7 % of GDP in 2008). These targets include the impact of the pension reform which rises from 0,7 % of GDP in 2003 to 0,9 % in 2008. The consolidation is expenditure-based, underpinned by structural reforms, predominantly in the areas of public administration, health and education. However, these reforms still have to be specified and implemented. The decline of the overall expenditure ratio would allow for a rise in the GDP share of public investment, supported by EU funding. At the same time, a reduction of the overall tax burden is planned from 39 % of GDP to 37 % of GDP.

The programme contains two different scenarios for the macroeconomic and budgetary projections: a 'baseline' scenario and a 'more optimistic' scenario. The baseline scenario should be considered as the reference scenario for assessing budgetary projections as reflecting the more plausible growth assumptions of real GDP growth about 3½-4 % in 2004 and 2005, followed by a somewhat optimistic projection of the rise in the growth rate by about ½ percentage point each year until 2008. The projection of rapid disinflation after 2004, when indirect tax hikes taper off, appears broadly realistic, provided that real wage growth is moderating significantly to be in line with productivity.

The programme foresees the general government deficit to be reduced to below the 3 % of GDP reference value only in 2008. The deficit reduction foreseen in the programme seems within reach. Nevertheless, the fact that the planned deficit should be reduced below 3 % of GDP only in 2008, then only by a small margin, and that a substantial share of the adjustment comes from a reduction in the interest rate burden, is a source of concern. Risks to the budgetary outcome stem from possibility that growth could turn out lower than forecast, from the experience with expenditure overruns in the past, and the lack of information on the envisaged expenditure-reducing measures in the outer years of the programme. The achievement of the frontloaded adjustment in the first year of the programme is crucial for the credibility of the adjustment strategy; missing it, might put the whole adjustment path at a risk. Therefore, the budgetary stance in the programme may not be sufficient to reduce the deficit to the below 3 % of GDP deficit threshold by the end of the programme period and all opportunities should be seized to accelerate a sustainable fiscal adjustment. At the same time, the projected balances reflect to a significant extent the implementation of an intensive programme of public investment, bringing the government investment-to-GDP ratio up from 4,0 % of GDP in 2004 to 5,5 % of GDP in 2008.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

After peaking at nearly 60 % of GDP in 2004, the debt ratio is projected in the programme to fall to 54 % of GDP by 2008. This would be in line with the planned budgetary adjustment but also benefiting from a projected falling interest burden and negative stock-flow adjustment. While this seems plausible, the positive development might be put in danger by a slower-than-forecast decline in interest rates.

Regarding long-term sustainability, Hungary faces some risk of budgetary imbalances in meeting the projected costs of an aging population. While the pension reform dating back to 1998 and establishing a progressive three-tier pension system — including parametric changes to the pay-as-you-go pillar e.g. increase in the retirement age and pension indexation — has mitigated the risks of long-term budgetary imbalances, it has not entirely removed them. Securing an adequate primary surplus in the medium-term together with the implementation of measures to further stem the rise of age-related expenditure, particularly concerning health care is essential to place public finances on a sustainable basis.

On 5 July 2004, on the basis of recommendations from the Commission, the Council decided that an excessive deficit existed in Hungary in accordance with Article 104(6) of the Treaty and made recommendations under Article 104(7) to Hungary with a view to bringing that situation to an end, in which the Council expresses its policy advice.

Key projections from the convergence programme of Hungary

	2003	2004	2005	2006	2007	2008
Real GDP growth (%)	2,9	3,3—3,5	3,5—4	ca. 4	4—4,5	4,5—5
Employment growth (%)	1,0	0—0,5	0,5—1	ca. 1	ca. 1	ca. 1,5
HICP inflation (%)	4,7	ca. 6,5	ca. 4,5	ca. 4	ca. 3,5	ca. 3
General government balance (% of GDP)	− 5,9	− 4,6	− 4,1	− 3,6	− 3,1	− 2,7
Government gross debt (% of GDP)	59,1	59,4	57,9	56,8	55,6	53,7

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Malta, 2004-2007

(2004/C 320/07)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004 the Council examined the convergence programme of Malta, which covers the period 2004 to 2007. The programme complies only partly with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'. In particular, data for GDP and its components are not yet fully in line with ESA95 standards. This hampers comparability across different parts of the programme.

The budgetary strategy underlying the programme aims at reducing the general government deficit to below 3 % of GDP already by 2006, with the following intermediate targets: 5,2 % of GDP in 2004, 3,7 % of GDP in 2005 and 2,3 % of GDP in 2006 to reach 1,4 % at the end of the period programme. The programme projects a significant improvement in the primary balance, which is expected to turn from a deficit of 1,4 % of GDP in 2004 to a surplus of 2,2 % in 2007. In parallel, the programme envisages reversing the upward trend of the debt-to-GDP ratio in 2005 to reach 70,4 % at the end of the programme period.

The budgetary strategy is underpinned by a package of measures aiming at controlling and rationalising spending and, on the revenue side, at avoiding tax evasion. The effect of the policy measures necessary to achieve the targets is not fully quantified in the programme. On the expenditures side, current spending is projected to be cut by 3 percentage points of GDP, through the containment of the growth of public wages and other current expenditure, restructuring in public sector companies and the progressive phasing out of subsidies to the shipyard industry. Capital expenditures are also expected to fall by more than 2,5 percentage points of GDP over the programme period as one-off projects, which are currently under way, near their completion. However, public investment will still remain above 4 % of GDP.

On the basis of currently available information, the macro-economic scenario underlying the programme seems to reflect plausible growth assumptions. However, it is subject to a certain degree of uncertainty given a possible overestimation of the nominal ESA95 GDP and the exposure to external shocks of the Maltese economy.

Although the programme foresees the reduction of the deficit below the 3 % reference value in 2006, to further fall thereafter, these targets could be inconsistent with a position of close-to-balance during the programme period.

The consolidation path foresees a sharp reduction in the deficit, which seems within reach, given the room for manoeuvre provided by the termination of some investment projects. Nevertheless, achieving this consolidation path requires strong commitment by the Maltese authorities. Moreover, the recent revision of the real GDP growth figure for 2003 may imply some downward risks.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

Therefore, the budgetary stance in the programme may not be sufficient to reduce the deficit to below the 3 % of GDP deficit threshold by 2006. In addition, the evolution of the debt ratio is likely to be less favourable than projected given such downward risks.

Regarding long-term sustainability Malta faces risks of budgetary imbalances in meeting the projected costs of an ageing population. Securing an adequate primary surplus in the medium term together with the implementation of further measures to stem the rise of age-related expenditures, particularly concerning healthcare, is essential to place public finances on a sustainable footing.

On 5 July 2004, on the basis of recommendations from the Commission, the Council decided that an excessive deficit existed in Malta in accordance with Article 104(6) of the Treaty and made recommendations under Article 104(7) to Malta with a view to bringing that situation to an end, in which the Council expresses its policy advice.

Key projections from the convergence programme of Malta

	2003	2004	2005	2006	2007
Real GDP growth (%)	− 1,7	1,1	1,7	2,1	2,1
Employment growth (%)	− 0,8	0,8	0,7	0,7	0,7
RPI inflation (%)	1,3	3,4	2,1	2,1	2,1
General government balance (% of GDP)	− 9,7	− 5,2	− 3,7	− 2,3	− 1,4
Government gross debt (% of GDP)	72,0	72,1	72,4	70,5	70,4

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Poland, 2004-2007

(2004/C 320/08)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS ADOPTED THIS OPINION:

On 5 July 2004, the Council examined the convergence programme of Poland, which covers the period 2004 to 2007. The programme only partly complies with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes' and with ESA 95 standards.

The budgetary strategy underlying the programme aims at reducing the general government deficit to below 3 % of GDP by 2007 (with the following intermediary annual targets: 5,7 % of GDP in 2004, 4,2 % of GDP in 2005, 3,3 % in 2006 and 1,5 % in 2007) and maintaining the debt ratio below 60 % of GDP. To this end, the programme incorporates a comprehensive set of measures (the so-called Hausner plan) endorsed by the government in January 2004, which, if fully implemented, would result in a cumulative correction of the deficit by 5,3 % of GDP of additional revenues and expenditure savings over the period 2005-2007 (3,3 % of GDP in the social area and 2,0 % of GDP in public administration and state-owned enterprises). The achievement of the deficit target is also conditional on projected high growth throughout the programme period.

On the basis of currently available information, the macro-economic scenario underlying the programme seems to reflect rather favourable growth assumptions. If the growth forecast of 5,0 % for 2004 and 2005 appears plausible and could even be exceeded in 2004, the evolution of growth in the medium term projected in the programme, i.e. an acceleration of GDP growth to 5,6 % in 2006 and 2007, reflects rather favourable assumptions about both private consumption and investment. In this regard, the full implementation of the Hausner plan and the ensuing dissipation of fiscal uncertainties are crucial to achieve the projected strengthening of growth. The projection for inflation appears broadly realistic.

The programme projects the deficit to be reduced to below the 3 % of GDP reference value in 2007. Several risks surround the programme targets. Besides the downside macroeconomic risks mentioned above, there is uncertainty over the implementation of the envisaged measures, with the planned adjustment not only being heavily back-loaded but also not fully consistent with the Hausner plan. Finally, as the effect of a recent Eurostat decision on the classification of the funded pension scheme, the planned figures for the deficit may have to be revised upwards by 1,6 percentage points of GDP. Therefore, the budgetary stance in the programme may not be sufficient to reduce the deficit to below 3 % of GDP during the programme period.

In the programme, the debt ratio is projected to increase by 7 percentage points of GDP over the period 2003-2007, with the increase coming to a halt only in the final year of the programme. The evolution of the debt ratio is likely to be less favourable than projected given the risks to the deficit outcomes mentioned above and significant uncertainties about the realisation of planned privatisation proceeds.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

Regarding long-term sustainability Poland faces a risk of budgetary imbalances in meeting the projected costs of an ageing population. While the pension reform dating back to 1999 and establishing a progressive three-tier pension system — including parametric changes to the pay-as-you-go pillar, e.g. limiting the possibility of early retirement — has mitigated the risks of long-term budgetary imbalances, it has not entirely removed them. Securing an adequate primary surplus in the medium term together with the implementation of measures to stem the pension system deficit, to limit the assumption of liabilities of the state-enterprises and the health care system and structural reforms to enhance labour participation is essential to place public finances on a sustainable footing.

On 5 July 2004, on the basis of recommendations from the Commission, the Council decided that an excessive deficit existed in Poland in accordance with Article 104(6) of the Treaty and made recommendations under Article 104(7) to Poland with a view to bringing that situation to an end, in which the Council expresses its policy advice.

Key projections from the convergence programme of Poland

	2003	2004	2005	2006	2007
Real GDP growth (%)	3,7	5,0	5,0	5,6	5,6
Employment growth (%)	− 2,3	− 0,2	1,0	1,8	2,5
HICP inflation (%)	0,8	2,2	2,8	< 3	< 3
General government balance (% of GDP)	− 4,1	− 5,7	− 4,2	− 3,3	− 1,5
Government gross debt (% of GDP)	45,3	49,0	51,9	52,7	52,3

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Slovenia, 2004-2007

(2004/C 320/09)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004, the Council examined the convergence programme of Slovenia, which covers the period 2004 to 2007. The programme largely complies with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'.

The budgetary strategy underlying the programme aims at achieving sound public finances as defined by a budgetary position of close-to-balance. To this end, the programme envisages a gradual reduction of the general government deficit over the period covered, consistent with a cut in both the revenue and the primary expenditure ratio, the latter through restraint on mandatory expenditure. According to the adjustment path, the deficit halves over the next four years, reaching just below 1 % in 2007. While gearing the policy towards a gradual decrease of the structural deficit, the authorities will allow automatic fiscal stabilisers to operate — although to a limited extent — under unfavourable economic conditions.

The macro-economic scenario underlying the programme beyond 2005 seems to reflect plausible growth assumptions, forecasting real GDP to grow slightly above potential output. Nevertheless, for 2004 growth is assumed rather favourably. The projection for inflation appears on the low side of the current forecasting range in 2004 but is realistic thereafter provided that economic policies continue to be co-ordinated in the aim to lower inflation durably.

Increasing marginally to 1,9 % of GDP in 2004 and then declining gradually to 0,9 % of GDP by 2007, general government deficits are foreseen to stay below the 3 % of GDP reference value in each year. The budgetary targets presented in the programme are not sufficient to ensure the Stability and Growth Pact's medium-term objective of a budgetary position of close to balance; the pace of fiscal consolidation is rather slow and the medium-term objective would only be approached by the end of the programme period. Furthermore, the budgetary outcome could be worse than projected, in particular, given the downside macroeconomic risks related to an upbeat growth forecast in 2004 highlighted above. Moreover, the fiscal consolidation is back-loaded. Therefore, the budgetary stance in the programme may not provide a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations especially in the initial years of the programme period.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

Gross public debt is relatively low and will remain so in the future. After increasing to 29,5 % of GDP by 2005, the debt ratio is expected to fall back to 28,4 % of GDP in 2007. Regarding long term sustainability, Slovenia faces risks of budgetary imbalances in meeting the costs of an ageing population. Implementing thoroughly the pension reform and putting in place a stable health-care system together with securing an adequate primary surplus are essential for placing public finances on a sustainable footing.

Key projections from the convergence programme of Slovenia

	2003	2004	2005	2006	2007
Real GDP growth (%)	2,3	3,6	3,7	3,8	3,9
Employment growth (%)	– 0,2	0,4	0,6	0,6	0,7
HICP inflation (%)	5,7	3,3	3,0	2,7	2,6
General government balance (% of GDP)	– 1,8	– 1,9	– 1,8	– 1,5	– 0,9
Government gross debt (% of GDP)	28,6	29,1	29,5	29,4	28,4

COUNCIL OPINION

of 5 July 2004

on the Convergence Programme of Slovakia, 2004-2007

(2004/C 320/10)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and co-ordination of economic policies ([1]), and in particular Article 9(2) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

On 5 July 2004, the Council examined the convergence programme of Slovakia, which covers the period 2004 to 2007 and, in addition, provides indicative projections until 2010. The programme largely complies with the data requirements of the revised 'code of conduct on the content and format of stability and convergence programmes'.

The budgetary strategy underlying the programme aims at reducing the general government deficit to 3,0 % of GDP by 2007 from 3,6 % of GDP in 2003 in order to comply with the Maastricht deficit criterion — with the following intermediate deficit targets: 4,0 % of GDP in 2004, 3,9 % of GDP in 2005 and 3,9 % of GDP in 2006. The reduction of the deficit is expected to occur mainly in 2007.

The programme envisages an adjustment based on primary expenditure reductions of 1.5 percentage points of GDP. These reductions are to a large extent underpinned by structural reforms, predominantly in the health care and social protection area, which are mostly already enacted and in force. The reforms on the expenditure side take place against the backdrop of a far-reaching but expected to be basically revenue-neutral tax reform package (effective since the beginning of 2004); the tax reforms essentially constitute a shift of the tax burden from direct to indirect taxation. In addition, a funded pension pillar will be introduced in 2005, which leads to a revenue decrease for general government, starting with an estimated ½ percentage point of GDP in 2005 and amounting to 1 percentage point of GDP by the end of the programme period.

On the basis of currently available information, the macro-economic scenario underlying the programme seems to reflect plausible growth assumptions, i.e. growth of somewhat over 4 % in 2004 and 2005 and an acceleration of growth to almost 5 % in 2006 and 2007 — due to further strengthening exports on the back of an FDI-induced expansion of export capacity. The anticipated drop in unemployment will require the continued vigorous pursuit of policies which address the deep-seated structural problems in the labour market — given the still very high unemployment rate prevailing in Slovakia. The projection of rapid disinflation after 2004, when administrative price adjustments and indirect tax hikes taper off, is within reach if second-round effects are strictly contained. In particular, wage developments, including in the public sector, should not be guided by past inflation developments.

([1]) OJ L 209, 2.8.1997, p. 1. The documents referred to in this text can be found at the following website http://europa.eu.int/comm/economy_finance/about/activities/sgp/main_en.htm

The programme foresees the general government deficit to be reduced to the 3 % of GDP reference value in 2007 and to fall further thereafter. Given the assumption of a very robust growth of the Slovak economy, the size and path of the deficit reduction may not look very ambitious. However, in particular the following modulating factors need to be taken into account: the envisaged reduction in primary expenditures, the revenue decrease resulting from the pension reform, and the, partly one-off, adjustment achieved in 2003. The budgetary stance in the programme seems sufficient to reduce the deficit to the 3 % of GDP deficit threshold by the end of the programme period. The risks to the budgetary projections over the overall programme horizon appear broadly balanced. They are tilted to the positive side in 2004, when the deficit is projected to increase marginally. Downside risks seem to be concentrated on the expenditure side and consist mainly in a delay of the proposed further health care reforms and a lack of further public sector rationalisation.

The achievement of the deficit targets will depend on the ability of the government to control primary expenditures, which would be helped by binding medium-term expenditure ceilings. If the implemented structural reforms result in higher growth than expected in the convergence programme of May 2004, this opportunity should be used to accelerate the fiscal adjustment, in particular by dedicating any higher-than-budgeted revenues primarily to faster deficit reduction. In addition to increasing the likelihood of achieving a deficit below 3 % of GDP as soon as possible and by 2007 at the latest, this would pave the way to reach the second major fiscal objective expressed in the programme, namely a structural budgetary position of close to balance or in surplus, earlier than by the year 2010 envisaged in the programme, and to attain a sufficient safety margin against breaching the 3 % of GDP Treaty reference value for the deficit criterion with normal macroeconomic fluctuations. It would also provide a better basis for dealing with potentially surging capital inflows.

In the programme, the debt ratio is projected to increase between 2003 and 2005 by 2½ percentage points to 46,4 % and to fall again to 45,5 % by 2007. Slovakia appears relatively well-placed to meet the budgetary cost of an ageing population. Long-term sustainability is contingent on the strict adherence to the fiscal consolidation targets and the full implementation of the envisaged policies. In particular as regards fertility rates, the demographic assumptions underlying the related programme projections may be on the optimistic side. The main risks to long-term sustainability stem from a lack or a delay in reform implementation or from any backtracking on already implemented reforms.

On 5 July 2004, on the basis of recommendations from the Commission, the Council decided that an excessive deficit existed in Slovakia in accordance with Article 104(6) of the Treaty and made recommendations under Article 104(7) to Slovakia with a view to bringing that situation to an end, in which the Council expresses its policy advice.

Key projections from the convergence programme of Slovakia

	2003	2004	2005	2006	2007
Real GDP growth (%)	4,2	4,1	4,3	5,0	4,7
Employment growth (%)	1,8	0,5	0,6	0,6	0,9
HICP inflation (%)	8,5	8,1	4,0	2,9	2,5
General government balance (% of GDP)	− 3,6	− 4,0	− 3,9	− 3,9	− 3,0
Government gross debt (% of GDP)	42,8	45,1	46,4	46,1	45,5

COMMUNICATION

(2004/C 320/11)

The publication in *Official Journal of the European Union* C 311 of 16 December 2004 of a communication entitled 'CUBA — Draft Council conclusions on the fourteenth evaluation of the Common Position' is to be regarded as void.

COMMISSION

Euro exchange rates ([1])

23 December 2004

(2004/C 320/12)

1 euro =

	Currency	Exchange rate		Currency	Exchange rate
USD	US dollar	1,3456	LVL	Latvian lats	0,6916
JPY	Japanese yen	139,88	MTL	Maltese lira	0,4332
DKK	Danish krone	7,4376	PLN	Polish zloty	4,0720
GBP	Pound sterling	0,70130	ROL	Romanian leu	38 160
SEK	Swedish krona	9,0275	SIT	Slovenian tolar	239,79
CHF	Swiss franc	1,5443	SKK	Slovak koruna	38,810
ISK	Iceland króna	83,82	TRL	Turkish lira	1 856 190
NOK	Norwegian krone	8,2825	AUD	Australian dollar	1,7580
BGN	Bulgarian lev	1,9559	CAD	Canadian dollar	1,6656
CYP	Cyprus pound	0,5789	HKD	Hong Kong dollar	10,4706
CZK	Czech koruna	30,600	NZD	New Zealand dollar	1,8870
EEK	Estonian kroon	15,6466	SGD	Singapore dollar	2,2048
HUF	Hungarian forint	245,88	KRW	South Korean won	1 413,62
LTL	Lithuanian litas	3,4528	ZAR	South African rand	7,6000

([1]) *Source:* reference exchange rate published by the ECB.

Summary of Community decisions on marketing authorisations in respect of medicinal products for the period 15 November 2004 to 15 December 2004

(Published pursuant to Article 12 or Article 34 of Council Regulation (EEC) No 2309/93 [1])

(2004/C 320/13)

— Issuing of a marketing authorisation (Article 12 of Council Regulation (EEC) No 2309/93): accepted

Date of the decision	Name of the medicinal product	Holder of the marketing authorisation	Number of the entry in the Community Register	Date of notification
16.11.2004	Xagrid	Shire Pharmaceutical Contracts Ltd, Hampshire International Business Park, Chineham, Basingstoke, Hampshire RG24 8EP, United Kingdom	EU/1/04/295/001	18.11.2004

— Modification of a marketing authorisation (Article 12 of Council Regulation (EEC) No 2309/93): accepted

Date of the decision	Name of the medicinal product	Holder of the marketing authorisation	Number of the entry in the Community Register	Date of notification
16.11.2004	Tamiflu	Roche Registration Limited, 40 Broadwater Road, Welwyn Garden City, Hertfordshire, AL7 3AY, United Kingdom	EU/1/02/222/001	18.11.2004
17.11.2004	Trizivir	Glaxo Group Ltd, Greenford, Middlesex, UB6 0NN, United Kingdom	EU/1/00/156/001-003	19.11.2004
17.11.2004	Targretin	Ligand Pharmaceuticals UK Ltd, Innovis House, 108 High Street, Crawley, West Sussex, RH10 1BB, United Kingdom	EU/1/01/178/001	19.11.2004
25.11.2004	Bextra	Pharmacia-Pfizer EEIG, Sandwich, Kent, CT13 9NJ, United Kingdom	EU/1/02/239/001-024	29.11.2004
25.11.2004	ReFacto	Wyeth Europa Ltd, Huntercombe Lane South, Taplow, Maidenhead, Berkshire, SL6 0PH, United Kingdom	EU/1/99/103/001-004	29.11.2004
30.11.2004	Xigris	Eli Lilly Nederland BV, Grootslag 1-5, 3991 RA Houten, Nederland	EU/1/02/225/001-002	2.12.2004
30.11.2004	Tracleer	Actelion Registration Ltd, BSI Building, 13th Floor, 389 Chiswick High Road, London W4 4AL, United Kingdom	EU/1/02/220/001-005	2.12.2004
30.11.2004	Cialis	Lilly ICOS Limited, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH, United Kingdom	EU/1/02/237/001 EU/1/02/237/005	2.12.2004
1.12.2004	Micardis	Boehringer Ingelheim International GmbH, Binger Strasse 173, D-55216 Ingelheim am Rhein	EU/1/98/090/001-014	3.12.2004

[1] OJ L 214, 24.8.1993, p. 1.

Date of the decision	Name of the medicinal product	Holder of the marketing authorisation	Number of the entry in the Community Register	Date of notification
6.12.2004	Integrilin	Glaxo Group Ltd, Berkeley Avenue, Greenford, Middlesex, UB6 0NN, United Kingdom Schering Plough Europe, Rue de Stalle 73, B-1180 Bruxelles, Stallestraat 73, B-1180 Brussel	EU/1/99/109/001-002	8.12.2004
6.12.2004	Epivir	Glaxo Group Ltd, Greenford Road, Greenford, Middlesex, UB6 0NN, United Kingdom	EU/1/96/015/001-005	8.12.2004
6.12.2004	Dynastat	Pharmacia Europe EEIG, Sandwich, Kent, CT13 9NJ, United Kingdom	EU/1/02/209/001-008	8.12.2004
6.12.2004	Sustiva	Bristol-Myers Squibb Pharma EEIG, 141-149 Staines Road, Hounslow, TW3 3JA, United Kingdom	EU/1/99/110/001-009	8.12.2004
6.12.2004	NutropinAq	IPSEN Limited, 190 Bath Road, Slough, Berkshire, SLI 3XE, United Kingdom	EU/1/00/164/001-005	8.12.2004
6.12.2004	Strocrin	Merck Sharp & Dohme Ltd, Hertford Road, Hoddesdon, Hertfordshire, EN11 9BU, United Kingdom	EU/1/99/111/001-009	8.12.2004
6.12.2004	Dynastat	Pharmacia Europe EEIG, Sandwich, Kent, CT13 9NJ, United Kingdom	EU/1/02/209/001-008	8.12.2004
6.12.2004	Panretin	Ligand Pharmaceuticals UK Ltd, Innovis House, 108 High Street, Crawley, West Sussex, RH10 1BB, United Kingdom	EU/1/00/149/001	8.12.2004
6.12.2004	Arava	Aventis Pharma Deutschland GmbH, D-65926 Frankfurt am Main	EU/1/99/118/001-010	8.12.2004
6.12.2004	Viread	Gilead Sciences International Limited, Cambridge, CB1 6GT United Kingdom	EU/1/01/200/001	8.12.2004
6.12.2004	Rayzon	Pharmacia Europe EEIG, Sandwich, Kent, CT13 9NJ, United Kingdom	EU/1/02/210/001-008	8.12.2004
6.12.2004	Rayzon 6m	Pharmacia Europe EEIG, Sandwich, Kent, CT13 9NJ, United Kingdom	EU/1/02/210/001-008	8.12.2004
7.12.2004	Kinzalmono	Bayer AG, D-51368 Leverkusen	EU/1/98/091/001-014	9.12.2004
7.12.2004	Micardis	Boehringer Ingelheim International GmbH, Binger Strasse 173, D-55216 Ingelheim am Rhein	EU/1/98/090/001-014	10.12.2004
7.12.2004	Pritor	Glaxo Group Ltd, Greenford, Middlesex, UB6 0NN, United Kingdom	EU/1/98/089/001-016	9.12.2004

— Withdrawal of a marketing authorization (Article 12 of Council Regulation (EEC) No 2309/93)

Date of the decision	Name of the medicinal product	Holder of the marketing authorisation	Number of the entry in the Community Register	Date of notification
8.12.2004	Venvia	SmithKline Beecham plc, New Horizons Court, Brentford, Middlesex, United Kingdom TW8 9EP	EU/1/00/138/001-012	10.12.2004
7.12.2004	Nyracta	SmithKline Beecham plc, New Horizons Court, Brentford, Middlesex, United Kingdom TW8 9EP	EU/1/00/139/001-012	9.12.2004

— Modification of a marketing authorization (Article 34 of Council Regulation (EEC) No 2309/93): accepted

Date of the decision	Name of the medicinal product	Holder of the marketing authorization	Number of the entry in the Community Register	Date of notification
25.11.2004	Nobivac Bb	Intervet International BV, Wim de Körverstraat 35, 5831 AN Boxmeer, Nederland	EU/2/02/034/001	29.11.2004
25.11.2004	Halocur	Intervet International BV, Wim de Körverstraat 35, 5831 AN Boxmeer, Nederland	EU/2/99/013/001-002	29.11.2004
7.12.2004	Stronghold	Pfizer Ltd, Ramsgate Road, Sandwich, Kent, CT13 9NJ, United Kingdom	EU/2/99/014/001-012	10.12.2004
7.12.2004	Oxyglobin	Biopure Netherlands BV, Prinses Irenestraat 59, 1077 WV Amsterdam, Nederland	EU/2/99/015/001	9.12.2004

Prior notification of a concentration

(Case COMP/M. 3519 — ELECTRA/THYSSENKRUPP FAHRZEUGGUSS)

Candidate case for simplified procedure

(2004/C 320/14)

(Text with EEA relevance)

1. On 16 December 2004, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 [1] by which the undertaking Electra European Fund LP (Guernsey) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of ThyssenKrupp Rautenbach Castings GmbH and ThyssenKrupp Aluminium-Technik with exception to the Spanish subsidiary ThyssenKrupp Guss S.A., together ThyssenKrupp Fahrzeugguss business Group ('TKFG', Germany), currently controlled by ThyssenKrupp Automotive AG Group, by way of purchase of shares.

2. The business activities of the undertakings concerned are:

— for Electra Group: private equity investment company,

— for TKFG: development, manufacture and supply of light metal cast components for automotive applications.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of Regulation (EC) No 139/2004. However, the final decision on this point is reserved. Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004 [2] it should be noted that this case is a candidate for treatment under the procedure set out in the Notice.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference number Case COMP/M. 3519 — Electra/ThyssenKrupp Fahrzeugguss, to the following address:

European Commission
Directorate-General for Competition,
Merger Registry
J-70
B-1049 Bruxelles/Brussel

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[1] OJ L 24, 29.1.2004, p. 1.

[2] Available on DG COMP website:
http://europa.eu.int/comm/competition/mergers/legislation/consultation/simplified_tru.pdf.

Non-opposition to a notified concentration

(Case COMP/M.3617 — BC PARTNERS/PICARD)

(2004/C 320/15)

(Text with EEA relevance)

On 25 November 2004, the Commission decided not to oppose the above notified concentration and to declare it compatible with the common market. This decision is based on Article 6(1)(b) of Council Regulation (EC) No 139/2004. The full text of the decision is available only in English and will be made public after it is cleared of any business secrets it may contain. It will be available:

— from the Europa competition web site (http://europa.eu.int/comm/competition/mergers/cases/). This web site provides various facilities to help locate individual merger decisions, including company, case number, date and sectoral indexes,

— in electronic form on the EUR-Lex website under document number 32004M3617. EUR-Lex is the on-line access to European law. (http://europa.eu.int/eur-lex/lex)

Non-opposition to a notified concentration

(Case COMP/M.3606 — SIEMENS/BONUS ENERGY)

(2004/C 320/16)

(Text with EEA relevance)

On 29 November 2004, the Commission decided not to oppose the above notified concentration and to declare it compatible with the common market. This decision is based on Article 6(1)(b) of Council Regulation (EC) No 139/2004. The full text of the decision is available only in English and will be made public after it is cleared of any business secrets it may contain. It will be available:

— from the Europa competition web site (http://europa.eu.int/comm/competition/mergers/cases/). This web site provides various facilities to help locate individual merger decisions, including company, case number, date and sectoral indexes,

— in electronic form on the EUR-Lex website under document number 32004M3606. EUR-Lex is the on-line access to European law. (http://europa.eu.int/eur-lex/lex)

Non-opposition to a notified concentration

(Case COMP/M.3640 — BLACKSTONE/GERRESHEIMER)

(2004/C 320/17)

(Text with EEA relevance)

On 14 December 2004, the Commission decided not to oppose the above notified concentration and to declare it compatible with the common market. This decision is based on Article 6(1)(b) of Council Regulation (EC) No 139/2004. The full text of the decision is available only in English and will be made public after it is cleared of any business secrets it may contain. It will be available:

— from the Europa competition web site (http://europa.eu.int/comm/competition/mergers/cases/). This web site provides various facilities to help locate individual merger decisions, including company, case number, date and sectoral indexes,

— in electronic form on the EUR-Lex website under document number 32004M3640. EUR-Lex is the on-line access to European law. (http://europa.eu.int/eur-lex/lex)

Communication in accordance with Article 12 § 5 a) of Council Regulation (EEC) No 2913/92 of 12 October 1992, on the information provided by the customs authorities of the Member States concerning the classification of goods in the customs nomenclature

(2004/C 320/18)

Binding Tariff Information ceases to be valid from this day if it becomes incompatible with the interpretation of the customs nomenclature as a result of the following international tariff measures:

Amendments to the Harmonized System Explanatory Notes and the Compendium of Classification Opinions, approved by the Customs Cooperation Council (CCC doc. NC0730 — report of the 31st Session of the HS Committee, NC0796 — report of the 32nd Session of the HS Committee, NC0845 — report of the 33rd Session of the HS Committee):

AMENDMENTS TO THE EXPLANATORY NOTES TO BE DONE UNDER ARTICLE 8 PROCEDURE OF THE HS CONVENTION AND CLASSIFICATION OPINIONS EDITED BY THE HS COMMITTEE OF THE WORLD CUSTOMS ORGANIZATION

31st SESSION OF THE HSC IN MAY 2003 DOC. NC0730

Amendments of the Explanatory Notes to the Nomenclature annexed to the HS Convention

Chapter 29. Sub-Chapter X. General	M/3

32nd SESSION OF THE HSC IN NOVEMBER 2003 DOC. NC0796

Amendments of the Explanatory Notes to the Nomenclature annexed to the HS Convention

85.12	L/18
85.24	L/20

33rd SESSION OF THE HSC IN MAY 2004 DOC. NC0845

Amendments of the Explanatory Notes to the Nomenclature annexed to the HS Convention

25.20	M/17
26.21	M/14
29.29	M/3
29.35	M/9
34.07	M/17
Chapter 39 General	M/19
39.09	M/3
39.11	M/3
40.08	M/19
Chapter 44	M/10
71.02	M/12
71.03	M/12
71.04	M/12
Chapter 84. General	M/11
84.30 Subheading Explanatory Notes	M/11
84.42	M/13
Chapter 85. General. Item (B)	M/15
85.16	M/11
85.17	M/11
85.19	M/11

Classification Opinions approved by the HS Committee

0402.99/1	M/4
1701.91/1	M/5
1901.90/2	M/6
8471.30/1	M/7
9504.10/1	M/8

Information regarding the contents of these measures can be obtained from the Directorate-General for Taxation and Customs Union of the European Commission (rue de la Loi/Wetstraat 200, B-1049 Brussels) or can be downloaded from the internet site of this Directorate-General:

http://europa.eu.int/comm/taxation_customs/index_en.htm

CORRIGENDA

Corrigendum to the call for independent experts for the eTEN programme (2005-2006)

(Official Journal of the European Union C 283 of 20 November 2004)

(2004/C 320/19)

Page 10. The text reads as follows:

'DESCRIPTION

The Commission hereby invites applications from individuals wishing to provide expert assistance in the execution of tasks in relation with the eTEN Programme. eTEN is the European Community Programme designed to help the deployment of telecommunication networks based services (e-services) with a trans-European dimension. Further information about the eTEN Programme can be found on the eTEN website:

http://europa.eu.int/eten

The tasks to be executed consist of evaluating proposals submitted in response to calls for proposals and reviewing individual eTEN projects. They will take place between 1 January 2005 and 30 June 2009.

DEADLINE FOR SUBMISSION OF APPLICATIONS

The call is open from the date of publication until 31 December 2006. Applicants wishing to act as experts in eTEN activities starting 1 January 2005 should apply by 15 December 2004.

ADDITIONAL INFORMATION

All applications must comply with the detailed specifications and conditions which are available on the Commission's internet site http://europa.eu.int/eten in English, French and German.'