ISSN 1725-2423

Official Journal of the European Union

C 71

Volume 50

English edition

Information and Notices

28 March 2007

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[1] Text with EEA relevance

I

(Resolutions, recommendations, guidelines and opinions)

OPINIONS

COUNCIL

COUNCIL OPINION

of 27 February 2007

on the updated stability programme of Finland, 2006-2010

(2007/C 71/01)

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 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the updated stability programme of Finland, which covers the period 2006 to 2010.

(2) The macroeconomic scenario underlying the programme envisages that real GDP growth will decelerate from a cyclical peak of 4 ½ % in 2006 to 2 ½ % on average over the rest of the programme period. Assessed against currently available information, this scenario appears to be based on plausible growth assumptions, with those for 2006 and 2010 appearing cautious. The programme's projections for inflation appear realistic.

(3) For 2006, the general government surplus is estimated at 2,9 % of GDP in both the Commission services' autumn 2006 forecast and in the current programme update, against a target of 1,6 % of GDP set in the previous update of the stability programme. This is due to the carry-over from the better-than-expected outcome in 2005 and the positive growth surprise in 2006 boosting government revenue, while expenditure has remained contained.

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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

(4) The main goal of the medium-term budgetary strategy in the programme is securing sustainability in general government finances and balanced central government finances under normal conditions of economic growth. The general government headline and primary surpluses are projected to follow a slight downward trend, both declining by ½ % of GDP until 2010. The decline in the revenue ratio, reflecting the gradual phasing in of the tax cuts package up to 2007, is less than fully compensated by the cut in the expenditure ratio owing to the government's budgetary spending ceilings and public sector reform initiatives. While the budgetary strategy has not changed compared with the previous update, the budgetary targets have been revised up by about 1 % of GDP in each year, as a result of the carry-over from the better-than-expected outcome in 2005 and higher growth prospects.

(5) The structural balance (i.e. the cyclically-adjusted balance net of one-off and other temporary measures) calculated according to the commonly agreed methodology is planned to remain stable at a surplus of close to 3 % of GDP throughout the programme period. The medium-term objective (MTO) for the budgetary position presented in the programme is a structural surplus of 2 % of GDP, which it plans to maintain throughout the programme period. The previous programme update did not explicitly define an MTO, but the MTO was inferred in the Council opinion from the structural surplus projections in the previous programme to be a surplus of 1½ % of GDP. As the MTO is more demanding than the minimum benchmark (estimated at a deficit of around 1¼ % of GDP), achieving it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit. The MTO lies within the range indicated for euro-area and ERM II Member States in the Stability and Growth Pact and the code of conduct and is significantly more demanding than implied by the debt ratio and average potential output growth in the long term. Having an MTO well above the minimum required level is motivated in the programme by the goal of ensuring the long-term sustainability of public finances and the fact that in Finland the impact of an ageing population kicks in at an early stage.

(6) The risks to the budgetary projections in the programme appear broadly balanced. The programme's macroeconomic assumptions as well as the tax revenue projections appear plausible. The risks to the latter emanating from the composition of growth are counterbalanced by conservative tax elasticity assumptions. Deviations from the projected growth path could have a strong impact on the fiscal outcome. In addition, notable risks are considered to be related to developments in local government expenditure.

(7) In view of this risk assessment, the budgetary stance in the programme seems sufficient to meet the MTO by a considerable margin throughout the programme period, as envisaged in the programme. In addition, it provides a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations over the programme period. The fiscal policy stance implied by the programme is fully in line with the Stability and Growth Pact.

(8) Government gross debt is estimated to have declined to 39 % of GDP in 2006, well below the 60 % of GDP Treaty reference value. The programme projects the debt ratio to decline by 5 ½ percentage points over the programme period.

(9) The long-term budgetary impact of ageing in Finland is higher than on average in the EU, although enacted pension reform measures have helped to contain the increase in pension expenditure to close to the EU average as a share of GDP over the coming decades. The initial budgetary position, with a large structural surplus, contributes significantly to easing the long-term budgetary impact of ageing. Moreover, the large assets accumulated in the public pension fund will finance part of the increase in pension expenditure. However, maintaining high primary surpluses over the medium term would contribute towards containing risks to the sustainability of public finances. Overall, Finland appears to be at low risk with regard to the sustainability of public finances.

(10) The stability programme contains a qualitative assessment of the overall impact of the October 2006 implementation report of the national reform programme within the medium-term fiscal strategy. In addition, it provides systematic information on the direct budgetary costs or savings of the main reforms envisaged in the national reform programme and its budgetary projections explicitly take into account the public finance implications of the actions outlined in the national reform programme. The measures in the area of public finances envisaged in the stability programme seem consistent with those foreseen in the national reform programme. In particular, both programmes envisage the implementation of measures to improve the productivity of both central and local governments and confirm the intention to continue applying central government budgetary spending limits beyond the current legislative period.

(11) The budgetary strategy in the programme is broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008.

(12) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme has some gaps in the required and optional data ([1]).

The Council considers that the medium-term budgetary position is sound and the budgetary strategy provides a good example of fiscal policies conducted in compliance with the Stability and Growth Pact. Nevertheless, expenditure restraint will remain crucial in the coming years when the forecast cooling of the economy slows growth in the tax bases and the impact of ageing population kicks in.

Comparison of key macroeconomic and budgetary projections

		2005	2006	2007	2008	2009	2010
Real GDP (% change)	**SP Nov 2006**	**2,9**	**4,5**	**3,0**	**2,9**	**2,6**	**2,1**
	COM Nov 2006	2,9	4,9	3,0	2,6	n.a.	n.a.
	SP Nov 2005	*2,1*	*3,2*	*2,6*	*2,3*	*2,1*	*n.a.*
HICP inflation (%)	**SP Nov 2006**	**0,9**	**1,5**	**1,3**	**1,7**	**1,7**	**1,7**
	COM Nov 2006	0,8	1,3	1,5	1,6	n.a.	n.a.
	SP Nov 2005	*1,0*	*1,3*	*1,5*	*1,8*	*1,8*	*n.a.*
Output gap (% of potential GDP)	**SP Nov 2006** ([1])	**– 1,3**	**0,1**	**0,2**	**0,1**	**– 0,2**	**– 0,8**
	COM Nov 2006 ([5])	– 1,5	0,1	0,2	– 0,2	n.a.	n.a.
	SP Nov 2005 ([1])	*– 0,7*	*– 0,2*	*– 0,2*	*– 0,5*	*– 0,9*	*n.a.*
General government balance (% of GDP)	**SP Nov 2006**	**2,7**	**2,9**	**2,8**	**2,7**	**2,7**	**2,4**
	COM Nov 2006	2,7	2,9	2,9	2,9	n.a.	n.a.
	SP Nov 2005	*1,8*	*1,6*	*1,6*	*1,5*	*1,5*	*n.a.*

([1]) In particular, the data on external assumptions for the years 2008-2010 are missing.

		2005	2006	2007	2008	2009	2010
Primary balance (% of GDP)	**SP Nov 2006**	**3,9**	**4,5**	**4,3**	**4,2**	**4,1**	**3,7**
	COM Nov 2006	4,1	4,3	4,2	4,1	n.a.	n.a.
	SP Nov 2005	*3,4*	*3,1*	*2,9*	*2,8*	*2,8*	*n.a.*
Cyclically-adjusted balance (% of GDP)	**SP Nov 2006** (1)	**3,3**	**2,9**	**2,7**	**2,7**	**2,8**	**2,8**
	COM Nov 2006	3,4	2,9	2,8	2,9	n.a.	n.a.
	SP Nov 2005 (1)	*2,1*	*1,7*	*1,7*	*1,7*	*2,0*	*n.a.*
Structural balance (2) (% of GDP)	**SP Nov 2006** (3)	**3,3**	**2,9**	**2,7**	**2,7**	**2,8**	**2,8**
	COM Nov 2006 (4)	3,4	2,9	2,8	2,9	n.a.	n.a.
	SP Nov 2005	*2,1*	*1,7*	*1,7*	*1,7*	*2,0*	*n.a.*
Government gross debt (% of GDP)	**SP Nov 2006**	**41,3**	**39,1**	**37,7**	**36,2**	**35,0**	**33,7**
	COM Nov 2006	41,3	38,8	37,3	35,8	n.a.	n.a.
	SP Nov 2005	*42,7*	*41,7*	*41,1*	*40,6*	*40,1*	*n.a.*

Notes:

(1) Commission services calculations on the basis of the information in the programme.
(2) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.
(3) There are no one-off and other temporary measures in the programme.
(4) There are no one-off and other temporary measures in the Commission services' autumn 2006 forecast.
(5) Based on estimated potential growth of 3,2 %, 3,1 %, 3,0 % and 2,9 % respectively in the period 2005-2008.

Source:

Stability programme (SP); Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

COUNCIL OPINION

of 27 February 2007

on the updated stability programme of Portugal, 2006-2010

(2007/C 71/02)

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 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the updated stability programme of Portugal, which covers the period 2006 to 2010.

(2) The macroeconomic scenario underlying the programme envisages that real GDP growth will pick up from 1,4 % in 2006 to 1,8 % in 2007 and 2,4 % in 2008 and eventually to 3 % per year over the rest of the programme period. Assessed against currently available information, this scenario appears to be based on favourable growth assumptions for 2008 and for the outer years, with the output gap closing rapidly. The programme's projections for inflation appear realistic.

(3) For 2006, the general government deficit is estimated at 4,6 % of GDP in the Commission services' autumn 2006 forecast and in the new update, which would correspond to the target set in the previous update of the stability programme. According to the new update, both total government revenue and expenditure level targets have been largely met. As percent of GDP, both ratios are somewhat lower than in the Commission services' autumn 2006 forecast.

(4) The main goal of the programme's medium-term budgetary strategy is a lasting correction of the large fiscal imbalances, notably a reduction of the general government deficit to below the 3 % of GDP reference value in the year 2008 and further budgetary consolidation thereafter. Substantial steps towards fiscal consolidation are planned throughout the programme period: the government deficit is targeted to gradually decline from 4,6 % of GDP in 2006 to 0,4 % in 2010; the adjustment path for the primary balance is similar, with an improvement from a deficit of 1,7 % of GDP in 2006 to a surplus of 2,5 % in 2010. The planned deficit reduction is to be achieved mainly by curbing primary expenditure, the overall level of which is to decline in real terms over the programme period thanks to corrective measures of a structural nature concentrated on restructuring central government, personnel and public services and also on controlling social security and health expenditure. In the earlier years of the programme, higher tax revenues coming mainly from an increase in some rates and lower tax benefits, and the continued efforts in fighting fraud and tax evasion, also contribute to fiscal consolidation. The programme confirms the planned adjustment outlined in the December 2005 update of the stability programme against a largely unchanged macroeconomic scenario.

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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

(5) The structural balance (i.e. the cyclically-adjusted balance net of one-off and other temporary measures) calculated according to the commonly agreed methodology is planned to improve from a deficit of around 3½ % of GDP in 2006 to ½ % by 2010. Over the programme period, the structural balance is planned to be reduced by an average of almost ¾ % of GDP per year. The medium-term objective (MTO) for the budgetary position presented in the programme is a structural deficit of 0,5 % of GDP, which the programme aims to achieve by 2010, one year earlier than implicitly targeted in the previous programme. As the MTO is more demanding than the minimum benchmark (estimated at a deficit of around 1½ % of GDP), achieving it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit. The MTO lies within the range indicated for euro-area and ERM II Member States in the Stability and Growth Pact and the code of conduct and adequately reflects the debt ratio and average potential output growth in the long term.

(6) The budgetary outcomes are subject to downside risks deriving, in particular, from the impact of the measures to contain government spending. Against the backdrop of a difficult macroeconomic environment, the government has recently implemented decisive measures to tackle expenditure growth, notably in public administration, health care and social welfare, in addition to the new legal framework to improve the fiscal discipline of regional and local governments. Others measures partly also relating to the government sector, are still in preparation. The budgetary relief to be expected from these measures is nevertheless subject to uncertainty, notably for 2008 and beyond. Since fiscal consolidation relies crucially on expenditure retrenchment, further progress with the ongoing improvement of the budgetary framework and implementation of mechanisms of assessing and controlling budgetary execution will also be instrumental to the achievement of the budgetary targets. The macroeconomic scenario raises the risk of a less marked recovery of economic activity thus providing more moderate relief to government finances. The assumptions about the elasticity of tax revenue to economic activity in 2007 depend on the planned further improvement in tax collection..

(7) In view of this risk assessment, the budgetary stance in the programme is broadly consistent with a correction of the excessive deficit by 2008 as recommended by the Council, provided the measures announced in the programme are fully and effectively implemented and reinforced in case of lower-than-projected economic growth. Following the correction of the excessive deficit, the programme targets an adjustment that is in line with the Pact. However, taking into account the risks to the budgetary targets, 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 until the very end of the programme period. Consequently, the risks to the budgetary targets may compromise reaching the MTO by 2010, as envisaged in the programme. Thus, in the years following the correction of the excessive deficit, the adjustment towards the MTO outlined in the programme could require reinforcing the measures to be in line with the Stability and Growth Pact, which specifies that, for euro-area and ERM II Member States, the annual improvement in the structural balance should be 0,5 % of GDP as a benchmark and that the adjustment should be higher in good economic times and could be lower in bad economic times.

(8) Government gross debt is estimated to have reached 67½ % of GDP in 2006, above the 60 % of GDP Treaty reference value. The programme projects the debt ratio to increase in 2007 and to decline by close to 6 percentage points over the rest of the programme period. The evolution of the debt ratio is subject to the risks to the budgetary targets mentioned above and continued uncertainty about the stock-flow adjustment, which has tended to be large and predominantly debt-increasing in the past. Finally, the performance of public enterprises provides a risk in the medium term. Subject to these risks, the debt ratio would start to diminish towards the reference value at the end of the programme period.

(9) Portugal has recently enacted pension reforms aimed at strengthening the sustainability of the public finances. Estimates in the programme suggest that the overall increase in age-related expenditure over the coming decades would be significantly lower as a result of the reform, though remaining sizeable. The initial budgetary position, albeit markedly improved compared with 2005, still constitutes a risk to sustainable public finances even before the long-term budgetary impact of an ageing population is considered. Moreover, the current level of gross debt is above the Treaty reference value. Overall, Portugal appears to be at high risk with regard to the sustainability of public finances. The planned budgetary consolidation coupled with the expected containment of the age-related expenditure, arising from ongoing reforms, would significantly contribute to reducing such risks.

(10) The stability programme contains a qualitative assessment of the overall impact of the October 2006 Implementation Report of the National Reform Programme within the medium-term fiscal strategy. In addition, it provides systematic information on the direct budgetary costs or savings of the main reforms envisaged in the National Reform Programme and its budgetary projections explicitly take into account the public finance implications of the actions outlined therein. The measures in the area of public finances envisaged in the stability programme seem consistent with those foreseen in the National Reform Programme. In particular, both programmes address the linkages between public administration reform and the fiscal consolidation strategy and provide complementary information on various policy measures.

(11) The budgetary strategy in the programme is broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008.

(12) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme provides all required and most of the optional data [1]. As regards the model structure, it deviates on some material points from the one specified in the code of conduct [2].

The Council considers that the programme is broadly consistent with a correction of the excessive deficit by 2008, conditional on a full and effective implementation of the measures announced therein and on the reinforcement of such measures in case of lower-than-projected economic growth. The fiscal consolidation will also support the strategy of fostering competitiveness and economic growth. After the correction of the excessive deficit, the programme envisages adequate progress towards the medium-term objective, but there are risks to the achievement of the budgetary targets. In view of the above assessment, and also in the light of the recommendation under Article 104(7) of the Treaty of 20 September 2005, the Council invites Portugal to:

(i) implement with rigour the structural measures envisaged in the programme so as to correct the excessive deficit by 2008 and stand ready to reinforce these measures to deal with the budgetary impact of possible lower-than-projected economic growth;

(ii) once the excessive deficit has been corrected, carry out the envisaged adjustment towards the MTO, backing it up with reinforced measures if necessary; and ensure that the debt-to-GDP ratio is reduced accordingly;

(iii) pursue the ongoing reform of public administration; continue strengthening the budgetary framework, including the assessment and control of budgetary execution at all levels of the general government, notably in order to attain the planned expenditure containment;

(iv) in view of the level of debt and the projected increase in age-related expenditure, improve the long-term sustainability of public finances by achieving the MTO and by securing and possibly enhancing the benefits of the adopted pension reforms.

Comparison of key macroeconomic and budgetary projections

		2005	2006	2007	2008	2009	2010
Real GDP (% change)	**SP Dec 2006**	**0,4**	**1,4**	**1,8**	**2,4**	**3,0**	**3,0**
	COM Nov 2006	0,4	1,2	1,5	1,7	n.a.	n.a.
	SP Dec 2005	*0,5*	*1,1*	*1,8*	*2,4*	*3,0*	*n.a.*

[1] In particular, the data on HICP inflation and compensation of government employees are not provided.
[2] The programme rather presents five sections: Executive Summary; Macroeconomic and Budgetary Situation; Macroeconomic and Budgetary Forecasts; Long-term Sustainability of Public Finances; and Institutions, Processes and Budgetary Rules.

		2005	2006	2007	2008	2009	2010
HICP inflation (%)	**SP Dec 2006** (6)	**2,5**	**3,2**	**2,2**	**2,2**	**2,1**	**2,1**
	COM Nov 2006	2,1	2,9	2,2	2,1	n.a.	n.a.
	SP Dec 2005 (6)	*2,3*	*2,3*	*2,2*	*2,2*	*2,1*	*n.a.*
Output gap (% of potential GDP)	**SP Dec 2006** (1)	**– 2,5**	**– 2,6**	**– 2,4**	**– 1,8**	**– 0,7**	**0.2**
	COM Nov 2006 (5)	– 2,0	– 2,0	– 1,8	– 1,5	n.a.	n.a.
	SP Dec 2005 (1)	*– 2,3*	*– 2,7*	*– 2,5*	*– 1,8*	*– 0,7*	*n.a.*
General government balance (% of GDP)	**SP Dec 2006**	**– 6,0**	**– 4,6**	**– 3,7**	**– 2,6**	**– 1,5**	**– 0,4**
	COM Nov 2006	– 6,0	– 4,6	– 4,0	– 3,9	n.a.	n.a.
	SP Dec 2005	*– 6,0*	*– 4,6*	*– 3,7*	*– 2,6*	*– 1,5*	*n.a.*
Primary balance (% of GDP)	**SP Dec 2006**	**– 3,3**	**– 1,7**	**– 0,7**	**0,4**	**1,5**	**2,5**
	COM Nov 2006	– 3,3	– 1,7	– 1,0	– 0,7	n.a.	n.a.
	SP Dec 2005	*– 3,2*	*– 1,7*	*– 0,6*	*0,6*	*1,5*	*n.a.*
Cyclically-adjusted balance (% of GDP)	**SP Dec 2006** (1)	**– 4,9**	**– 3,4**	**– 2,6**	**– 1,8**	**– 1,2**	**– 0,5**
	COM Nov 2006	– 5,1	– 3,7	– 3,2	– 3,2	n.a.	n.a.
	SP Dec 2005 (1)	*– 5,0*	*– 3,4*	*– 2,6*	*– 1,8*	*– 1,2*	*n.a.*
Structural balance (2) (% of GDP)	**SP Dec 2006** (3)	**– 4,9**	**– 3,4**	**– 2,6**	**– 1,8**	**– 1,2**	**– 0,5**
	COM Nov 2006 (4)	– 5,1	– 3,7	– 3,2	– 3,2	n.a.	n.a.
	SP Dec 2005	*– 5,0*	*– 3,4*	*– 2,6*	*– 1,8*	*– 1,2*	*n.a.*
Government gross debt (% of GDP)	**SP Dec 2006**	**64,0**	**67,4**	**68,0**	**67,3**	**65,2**	**62,2**
	COM Nov 2006	64,0	67,4	69,4	70,7	n.a.	n.a.
	SP Dec 2005	*65,5*	*68,7*	*69,3*	*68,4*	*66,2*	*n.a.*

Notes:

(1) Commission services calculations on the basis of the information in the programme.
(2) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.
(3) There are no one-off and other temporary measures in the programme.
(4) There are no one-off and other temporary measures in the Commission services' autumn 2006 forecast.
(5) Based on estimated potential growth of 1,2 % in the period 2005-2007 and 1,4 % in 2008.
(6) Private consumption deflator.

Source:

Stability programme (SP); Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

COUNCIL OPINION

of 27 February 2007

on the stability programme of Slovenia, 2006-2009

(2007/C 71/03)

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 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the first stability programme of Slovenia, which covers the period 2006 to 2009.

(2) The macroeconomic scenario underlying the programme envisages that real GDP will grow steadily at above 4 % over the programme period. Assessed against currently available information, this scenario appears to be based on plausible growth assumptions. The programme's projections for inflation also appear realistic.

(3) For 2006, the general government deficit is estimated at 1,6 % of GDP in the Commission services' autumn 2006 forecast, against a target of 1,7 % of GDP set in the December 2005 update of the convergence programme. The 2006 estimated outturn, based on more recent figures, of 1,2 % GDP is lower compared to 2005.

(4) The programme's budgetary strategy is geared to achieving the medium-term objective (MTO) for the budgetary position as meant in the Stability and Growth Pact by 2009 through a back-loaded consolidation. Reflecting the ongoing tax reform and a number of cost-saving expenditure measures, revenues and expenditure as a percentage of GDP fall significantly throughout the programme period. Until 2008, when the respective ratios decrease in broadly equal measure, the general government deficit is planned to linger at around 1,5 % of GDP. In 2009, the deficit declines to 1,0 % as expenditure reduction outweighs the revenue loss. The primary balance initially deteriorates from 0,1 % of GDP in 2006 to -0,3 % of GDP in 2008 before improving to 0,3 % of GDP in 2009. Compared with the last update of the convergence programme, the stability programme postpones the target of achieving a nominal deficit of 1 % of GDP by one year against a more favourable macroeconomic scenario.

(5) Over the programme period, the structural balance (i.e. the cyclically-adjusted balance net of one-off and other temporary measures) calculated according to the commonly agreed methodology is planned to improve by around ¼ % of GDP. As in the December 2005 update of the convergence programme, the medium-term objective (MTO) for the budgetary position presented in the stability programme is a structural deficit of 1 % of GDP to be achieved by 2009, one year later than in the previous programme. The delay is attributed in the programme to a major railway project with an estimated cost of 0,4 % of GDP in 2007, 0,5 % of GDP in 2008 and 0,2 % of GDP in 2009; as well as some expenditure of a temporary nature. Since the MTO is more demanding than the minimum benchmark (estimated at a deficit of around 1½ % of GDP), reaching it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit. The MTO lies within the range indicated for euro-area and ERM II Member States in the Stability and Growth Pact and the code of conduct and adequately reflects the debt ratio and average potential growth in the long term.

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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

(6) The risks to the budgetary projections in the programme appear broadly balanced but the budgetary outcome could be worse than projected in 2009. On the one hand, the assumptions on growth and tax revenues seem plausible. Furthermore, Slovenia has established a track record of better-than-projected budgetary outcomes in recent years, also supported by an effective budgetary mechanism of containing general government expenditures in response to an unexpected revenue shortfall. On the other hand, notwithstanding the efforts to restructure the general government expenditure, the share of mandatory expenditure remains very high but on a declining path. The measures that underpin the considerable cut in primary expenditure as a percentage of GDP announced for 2009 remain to be specified in more detail.

(7) In view of this risk assessment, the budgetary stance in the programme may not be sufficient to ensure that the MTO is achieved by 2009, as envisaged in the programme. However, it provides a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations throughout the programme period. The pace of the adjustment towards the MTO implied by the programme is insufficient and should be strengthened to be in line with the Stability and Growth Pact, which specifies that, for euro-area and ERM II Member States, the annual improvement in the structural balance should be 0,5 % of GDP as a benchmark and that the adjustment should be higher in good economic times and could be lower in bad economic times. In particular, good times are expected to occur throughout the programme period but the structural balance is not planned to improve noticeably before the last year of the programme.

(8) Government gross debt is estimated to have reached 28,5 % of GDP in 2006, well below the 60 % of GDP Treaty reference value. The programme projects the debt ratio to decline by 0,8 percentage point over the programme period.

(9) The long-term budgetary impact of ageing in Slovenia is among the largest in the EU, influenced notably by a considerable increase in pension expenditure as a share of GDP. While some action is being taken, stronger fiscal consolidation and implementation of further reform measures aimed at containing the substantial increase in age-related expenditures would contribute to reducing risks to the sustainability of public finances. Although the initial budgetary position contributes to stabilising the debt ratio over the medium term, the low structural improvement over the programme period will not be sufficient to contain the expected budgetary impact of ageing in the long term. Overall, Slovenia appears to be at high risk with regard to the sustainability of public finances.

(10) The stability programme contains a qualitative assessment of the overall impact of Slovenia's October 2006 national reform programme within the medium-term fiscal strategy. In addition, it provides some information on the direct budgetary costs or savings of the main reforms envisaged in the national reform programme but its budgetary projections do not explicitly take into account the public finance implications of all actions outlined in the national reform programme. The measures in the area of public finances envisaged in the stability programme seem consistent with those foreseen in the national reform programme. In particular, the stability programme provides details of the tax reform announced in the national reform programme and complements the actions envisaged in the national reform programme with expenditure measures.

(11) The budgetary strategy in the programme is partly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008. In particular, the adjustment path towards the MTO is insufficient.

(12) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme has some gaps in the required and optional data. ([1])

The Council considers that, while the programme recognises that containing inflationary pressures and continued fiscal consolidation are necessary to preserve the resilience of the economy, it envisages insufficient progress towards the MTO in spite of the upbeat growth prospects. In view of the above assessment, Slovenia is invited to:

(i) taking advantage of the good economic conditions, including the better than expected budgetary outcome in 2006, speed up the achievement of the MTO;

([1]) In particular, net external balances for 2006-2007 as well as certain optional data concerning sectoral balances, labour market developments, general government expenditure by function and debt evolution are not provided.

(ii) in view of the projected increase in age related expenditure, improve the long-term sustainability of public finances, in particular by strengthening the ongoing pension reform with additional measures, geared especially to increasing labour participation of older workers and encouraging the move towards a greater reliance on private pension saving schemes.

Comparison of key macro economic and budgetary projections

		2005	2006	2007	2008	2009
Real GDP (% change)	**SP Dec 2006**	**4,0**	**4,7**	**4,3**	**4,2**	**4,1**
	COM Nov 2006	4,0	4,8	4,2	4,5	n.a.
	CP Dec 2005	*3,9*	*4,0*	*4,0*	*3,8*	*n.a.*
HICP inflation (%)	**SP Dec 2006**	**2,5**	**2,7**	**2,7**	**2,5**	**2,2**
	COM Nov 2006	2,5	2,5	2,5	2,6	n.a.
	CP Dec 2005	*2,2*	*1,5*	*2,2*	*2,5*	*n.a.*
Output gap (% of potential GDP)	**SP Dec 2006** (1)	**– 1,2**	**– 0,5**	**– 0,3**	**– 0,1**	**0,3**
	COM Nov 2006 (5)	– 1,1	– 0,3	0,0	0,4	n.a.
	CP Dec 2005 (1)	*– 1,2*	*– 0,7*	*– 0,3*	*0,0*	*n.a.*
General government balance (% of GDP)	**SP Dec 2006**	**– 1,4**	**– 1,6**	**– 1,5**	**– 1,6**	**– 1,0**
	COM Nov 2006	– 1,4	– 1,6	– 1,6	– 1,5	n.a.
	CP Dec 2005	*– 1,7*	*– 1,7*	*– 1,4*	*– 1,0*	*n.a.*
Primary balance (% of GDP)	**SP Dec 2006**	**0,4**	**0,1**	**– 0,1**	**– 0,3**	**0,3**
	COM Nov 2006	0,3	– 0,1	– 0,2	– 0,3	n.a.
	CP Dec 2005	*– 0,2*	*– 0,3*	*– 0,1*	*0,2*	*n.a.*
Cyclically-adjusted balance (% of GDP)	**SP Dec 2006** (1)	**– 0,9**	**– 1,4**	**– 1,4**	**– 1,6**	**– 1,1**
	COM Nov 2006	– 0,9	– 1,5	– 1,6	– 1,7	n.a.
	CP Dec 2005 (1)	*– 1,2*	*– 1,4*	*– 1,3*	*– 1,0*	*n.a.*
Structural balance (2) (% of GDP)	**SP Dec 2006** (3)	**– 0,9**	**– 1,4**	**– 1,4**	**– 1,6**	**– 1,1**
	COM Nov 2006 (4)	– 0,9	– 1,5	– 1,6	– 1,7	n.a.
	CP Dec 2005	*– 0,4*	*– 1,4*	*– 1,4*	*– 1,0*	*n.a.*
Government gross debt (% of GDP)	**SP Dec 2006**	**28,0**	**28,5**	**28,2**	**28,3**	**27,7**
	COM Nov 2006	28,0	28,4	28,0	27,6	n.a.
	CP Dec 2005	*29,0*	*29,6*	*29,8*	*29,4*	*n.a.*

Notes:
(1) Commission services calculations on the basis of the information in the programme.
(2) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.
(3) There are no one-off or other temporary measures in the programme.
(4) There are no one-off or other temporary measures in the Commission services' autumn 2006 forecast.
(5) Based on estimated potential growth of 3,8 % in 2005 and 4 % in 2006-2008.

Source:

Convergence/stability programme (CP/SP); Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

COUNCIL OPINION

of 27 February 2007

on the updated convergence programme of Denmark, 2006-2010

(2007/C 71/04)

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(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the updated convergence programme of Denmark, which covers the period 2006 to 2010.

(2) The macroeconomic scenario underlying the programme envisages that real GDP growth will slow from 2,7 % in 2006 to 1,0 % on average over the rest of the programme period. Assessed against currently available information, this scenario appears to be based on markedly cautious growth assumptions, in particular for the period 2008-2010 due to the technical assumption in the update of the closing of a (positive) output gap in 2010. The programme's projections for inflation appear realistic.

(3) For 2006, the general government surplus is estimated at 3,2 % of GDP in the Commission services' autumn 2006 forecast, against a target of 2,1 % of GDP set in the previous update of the convergence programme. This reflects higher-than-expected growth as well as continued high energy prices given the importance of revenues linked to Denmark's oil and gas production.

(4) The budgetary strategy aims at maintaining structural surpluses (i.e. cyclically-adjusted surpluses net of one-off measures and other temporary factors, such as certain special volatile revenue items) of between ½ % and 1½ % of GDP on average over the programme period to 2010, implying a marked reduction in the general government debt ratio in order to ensure fiscal sustainability in the long term. The strategy is based on expenditure restraint (annual growth of real public consumption spending limited to approximately 1 % on average for the period 2007 to 2010, up from 0,5 % in the previous update) and on the maintenance of the tax freeze introduced in 2001 and on the agreed reforms to strengthen labour supply and employment. The update foresees the surplus to narrow slightly from 3,1 % of GDP in 2006 to 2,8 % in 2007, and to decline further to 1,2 % in 2010 (from 4,7 % in 2006 to 1,8 % in 2010 in primary terms). The decline as from 2008 reflects the markedly cautious assumptions about GDP growth. Compared with the previous update, the general government balance is higher in 2006 to 2008 but lower towards the end of the programme period.

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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

(5) The structural balance calculated according to the commonly agreed methodology is projected to be around 2 % of GDP or better throughout the programme period, with a slight deterioration in 2007 and a somewhat stronger improvement in 2008. The medium-term objective (MTO) for the budgetary position presented in the programme is a structural balance of between ½ % and 1½ % of GDP towards 2010, which the programme plans to maintain by a large margin throughout the programme period. The MTO is set up to ensure fiscal sustainability and is unchanged from the previous update once account is taken of the exclusion in the new programme of the second pillar pension scheme (included in Denmark's previous programmes) in line with the Eurostat decision of 2 March 2004 ([1]). As the MTO is more demanding than the minimum benchmark (estimated at a deficit of around ½ % of GDP), achieving it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit. The MTO lies within the range indicated for euro-area and ERM II Member States in the Stability and Growth Pact and the code of conduct and is significantly more demanding than implied by the debt ratio and average potential output growth in the long term.

(6) The budgetary outcomes could be better than projected in the programme, in particular for the years 2008 to 2010. This is essentially because of the programme's markedly cautious macroeconomic scenario, which outweighs the risk that real public consumption expenditure growth could be higher than targeted.

(7) In view of this risk assessment, the budgetary stance in the programme seems sufficient to maintain the MTO throughout the programme period, as envisaged in the programme. In addition, it provides a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations in each year. The fiscal policy stance implied by the programme is fully in line with the Stability and Growth Pact.

(8) Government gross debt is estimated to have declined below 30 % of GDP in 2006, well below the 60 % of GDP Treaty reference value. The programme projects the gross debt ratio to decline by around a further 11 percentage points over the programme period.

(9) The long-term budgetary impact of ageing in Denmark is projected to be higher than on average in the EU; influenced notably by a relatively high increase in pension expenditure as a share of GDP over the coming decades. However, the comprehensive reform package adopted in June 2006, the 'Agreement on Future Prosperity, Welfare and Investments in the Future' or simply Welfare Agreement, aims at delaying retirement. Both the general pension age and the early retirement age will be gradually increased by 2 years followed later by an indexation of the age thresholds to changes in life expectancy. Therefore, the Welfare Agreement contributes to curb the long-term expenditure trends and thus improves public finance sustainability. Moreover, the initial budgetary position with a large structural surplus contributes significantly to ease the long-term budgetary impact of ageing. Maintaining high primary surpluses over the medium-term will contribute to reducing risks to the sustainability of public finances. Taking into account these developments, Denmark appears to be at low risk with regard to the sustainability of public finances.

(10) The convergence programme contains a qualitative assessment of the overall impact of the October 2006 implementation report of the national reform programme within the medium-term fiscal strategy. In addition, it provides systematic information on the direct budgetary costs or savings of the main reforms envisaged in the national reform programme and its budgetary projections explicitly take into account the public finance implications of the actions outlined in the national reform programme. The measures in the area of public finances envisaged in the convergence programme seem consistent with those foreseen in the national reform programme. In particular, both programmes envisage the implementation of reforms aimed at increasing labour supply in the long term, in particular the agreement to raise statutory pension ages and thus promote longer effective working lives.

(11) The budgetary strategy in the programme is broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008.

([1]) See Eurostat News Releases No 30/2004 of 2 March 2004 and No 117/2004 of 23 September 2004.

(12) As regards the data requirements specified in the code of conduct for stability for stability and convergence programmes, the programme provides all required data and most optional data [1].

The Council considers that the medium-term budgetary position is sound and the budgetary strategy provides a good example of fiscal policies conducted in compliance with the Stability and Growth Pact.

Comparison of key macroeconomic and budgetary projections [1]

		2005	2006	2007	2008	2009	2010
Real GDP (% change)	**CP Nov 2006** [2]	**3,6**	**2,7**	**2,0**	**0,7**	**0,7**	**0,6**
	COM Nov 2006	3,0	3,0	2,3	2,2	n.a.	n.a.
	CP Nov 2005	*2,4*	*2,4*	*1,1*	*1,6*	*n.a.*	*2,1*
HICP inflation (%)	**CP Nov 2006**	**1,7**	**2**	**1,8**	**1,7**	**1,8**	**1,7**
	COM Nov 2006	1,7	2,0	2,0	1,9	n.a.	n.a.
	CP Nov 2005	*1,6*	*2*	*1,3*	*1,9*	*n.a.*	*1,8*
Output gap (% of potential GDP)	**CP Nov 2006** [3]	**0,3**	**0,9**	**0,9**	**– 0,3**	**– 1,3**	**– 2,3**
	COM Nov 2006 [4]	– 0,6	– 0,2	– 0,4	– 0,6	n.a.	n.a.
	CP Nov 2005 [2]	*– 0,3*	*0,1*	*– 0,7*	*– 0,9*	*n.a.*	*– 0,6*
General government balance (% of GDP)	**CP Nov 2006**	**4,0**	**3,1**	**2,8**	**2,5**	**1,8**	**1,2**
	COM Nov 2006	4,0	3,2	3,3	3,2	n.a.	n.a.
	CP Nov 2005	*2,7*	*2,1*	*2,2*	*1,7*	*n.a.*	*1,9*
Primary balance (% of GDP)	**CP Nov 2006**	**5,8**	**4,7**	**4,3**	**3,4**	**2,5**	**1,8**
	COM Nov 2006	5,8	4,9	4,6	4,3	n.a.	n.a.
	CP Nov 2005	*4,7*	*3,7*	*3,1*	*2,5*	*n.a.*	*2,7*
Cyclically-adjusted balance (% of GDP)	**CP Nov 2006** [3]	**3,8**	**2,5**	**2,2**	**2,7**	**2,6**	**2,7**
	COM Nov 2006	4,4	3,3	3,5	3,6	n.a.	n.a.
	CP Nov 2005 [3]	*2,9*	*2*	*2,6*	*2,3*	*n.a.*	*2,3*
Structural balance [5] (% of GDP)	**CP Nov 2006** [6]	**3,6**	**2,2**	**1,9**	**2,7**	**2,6**	**2,7**
	COM Nov 2006 [7]	4,1	3,0	3,2	3,6	n.a.	n.a.
	CP Nov 2005	*2,7*	*1,7*	*2,3*	*2,3*	*n.a.*	*2,3*

[1] In particular, specifications of the stock-flow adjustment are missing among the optional data.

		2005	2006	2007	2008	2009	2010
Government gross debt (% of GDP)	**CP Nov 2006**	**36,2**	**29,8**	**25,8**	**22,7**	**20,5**	**19,0**
	COM Nov 2006	36,2	29,7	25,7	23,2	n.a.	n.a.
	CP Nov 2005	*35,9*	*32,9*	*30,1*	*27,7*	*n.a.*	*22,7*

Notes:

(1) The budgetary projections include the impact of the Eurostat decision of 2 March 2004 on the classification of funded pension schemes. Excluding this impact, the general government balance would be 4,9 % of GDP in 2005, 4,0 % in 2006, 3,8 % in 2007, 3,5 % in 2008, 2,8 % in 2009 and 2,2 % in 2010, while government gross debt would be 35,9 % of GDP in 2005, 28,6 % in 2006, 24,6 % in 2007, 21,5 % in 2008, 19,3 % in 2009 and 17,8 % in 2010.

(2) The GDP growth projections in the update pertaining to 2008, 2009 and 2010 are based on a technical assumption of a closing output gap in 2010.

(3) Commission services calculations on the basis of the information in the programme.

(4) Based on estimated potential growth of 2,2 %, 2,6 %, 2,5 % and 2,5 % respectively in the period 2005-2008.

(5) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.

(6) One-off and other temporary measures taken from the programme (0,3 % of GDP each year in 2005-2007, surplus increasing).

(7) One-off and other temporary measures taken from the Commission services' autumn 2006 forecast are the effects of the suspension until 2007 of the contributions to the special pension (SP) scheme. As contributions are tax deductible, their suspension strengthens public finances by an estimated 0,3 % of GDP in 2005-2007.

Source:

Convergence programme (CP); Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

COUNCIL OPINION

of 27 February 2007

on the updated convergence programme of Cyprus, 2006-2010

(2007/C 71/05)

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(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the updated convergence programme of Cyprus, which covers the period 2006 to 2010.

(2) The macroeconomic scenario underlying the programme envisages that real GDP growth will pick up from 3,7 % in 2006 to 4.1 % on average over the rest of the programme period. Assessed against currently available information, this scenario appears to be based on plausible growth assumptions. The programme's projections for inflation also appear realistic.

(3) For 2006, the general government deficit is estimated at just below 2 % of GDP in the Commission services' autumn 2006 forecast, as targeted in the previous update of the convergence programme. With real GDP growth lower than projected in the previous update (3,7 % instead of 4,2 %), total expenditure is estimated to be higher than planned but this is estimated to be offset by higher total revenues.

(4) After the correction of the excessive deficit in 2005 and the abrogation of the excessive deficit procedure in July 2006, the programme aims at further consolidating public finances. The general government balance is projected to improve from a deficit of 1,9 % of GDP in 2006 to a balanced position in 2010 entirely through expenditure retrenchment as the revenue ratio remains constant over the programme period. While total expenditure is projected to fall by 1¾ percentage points of GDP over the programme period, of which 1 percentage point of GDP corresponds to declining interest payments, social transfers are planned to increase by 1¼ percentage point. The primary surplus is planned to rise from 1½ % of GDP in 2006-07 to just above 2 % of GDP in 2008 and to remain constant thereafter. The planned consolidation is slightly faster than in the previous update of the convergence programme, against a broadly similar macroeconomic scenario.

(5) The structural balance (i.e. the cyclically-adjusted balance net of one-off and other temporary measures) calculated according to the commonly agreed methodology is planned to improve from a deficit of around 1½ % of GDP in 2006 to a surplus of some ¼ % of GDP at the end of the programme period. As in the previous update of the convergence programme, the medium-term objective (MTO) for the budgetary position presented in the programme is a structural deficit of 0,5 % of GDP, which the programme aims to achieve by 2008, one year earlier than in the previous update. As the MTO is more demanding than the minimum benchmark (estimated at a deficit of around 1¾ % of GDP), achieving it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit. The MTO lies within the range indicated for euro-area and ERM II Member States in the Stability and Growth Pact and the code of conduct and adequately reflects the debt ratio and average potential output growth in the long term.

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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

(6) The risks to the budgetary projections in the programme appear broadly balanced. The target for 2007 seems plausible when compared with the Commission services' autumn 2006 forecast and, for the year 2008, when the primary surplus is planned to improve, there is relatively detailed information in the programme about the measures that support the adjustment. However, there is some risk of spending slippages given the high degree of expenditure restraint envisaged and the limited information on the spending ceilings and their enforcement. On the other hand, the overall track record with respect to the achievement of the budgetary targets is good.

(7) In view of this risk assessment, the budgetary stance in the programme seems sufficient to ensure that the MTO is achieved by 2008, as envisaged in the programme. In addition, it seems to provide a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations throughout the programme period. The pace of adjustment towards the MTO implied by the programme is in line with the Stability and Growth Pact, which specifies that, for euro-area and ERM II Member States, the annual improvement in the structural balance should be 0,5 % of GDP as a benchmark and that the adjustment should be higher in good economic times and could be lower in bad economic times. After the achievement of the MTO, the fiscal policy stance implied by the programme is also in line with the Pact.

(8) Government gross debt is estimated to have reached 64¾ % in 2006, above the 60 % of GDP Treaty reference value. The programme projects that the debt ratio would fall below the 60 % of GDP reference value in 2008 and would attain just above 46 % of GDP by the end of the programme period. The risks to the projected evolution of the debt ratio appear to be broadly balanced. In view of the risk assessment, the debt ratio is sufficiently diminishing towards the reference value in the early part of the programme period and is planned to approach it by 2007.

(9) The long-term budgetary impact of ageing in Cyprus is among the highest in the EU, influenced notably by a very large increase in pension expenditure as a share of GDP. The initial budgetary position contributes to easing part of the projected considerable long-term budgetary impact of an ageing population, but it is not sufficient to cover it. Moreover, the current level of gross debt is above the Treaty reference value. Continuing the consolidation of the public finances simultaneously with adopting pension reform measures aimed at containing the significant increase in age-related expenditures would contribute, as recognised by the authorities, to reducing risks to the sustainability of public finances. Overall, Cyprus appears to be at high risk with regard to the sustainability of public finances.

(10) The convergence programme contains a qualitative assessment of the overall impact of the October 2006 implementation report of the national reform programme within the medium-term fiscal strategy. In addition, it provides systematic information on the direct budgetary costs or savings of the main reforms envisaged in the national reform programme and its budgetary projections seem to take into account the public finance implications of the actions outlined in the national reform programme. The measures in the area of public finances envisaged in the convergence programme seem consistent with those foreseen in the national reform programme. In particular, both programmes envisage the gradual implementation of pension and healthcare reforms in order to address the impact of ageing populations. Also, there is a need to enhance life-long learning, and to further increase employment and training opportunities for young persons.

(11) The budgetary strategy in the programme is broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008.

(12) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme provides all required and most of the optional data ([1]).

The Council considers that, after the correction of the excessive deficit in 2005, the programme is making good progress towards the MTO over the programme period, owing to expenditure restraint and in a context of strong growth prospects. The general government gross debt is foreseen to approach the 60 % of GDP reference value by 2007 and to continue declining in the subsequent years.

([1]) In particular, the data on 'Cyclical Developments' (Table 5), the contributions to Potential GDP Growth (item 4) are not provided.

In view of the above assessment, in particular the level of debt and the projected increase in age-related spending, Cyprus is invited to:

(i) control public pension expenditure and implement further reforms in the areas of pensions and health care in order to improve the long-term sustainability of the public finances.

(ii) implement the fiscal consolidation path as foreseen in the programme.

Comparison of key macroeconomic and budgetary projections

		2005	2006	2007	2008	2009	2010
Real GDP (% change)	**CP December 2006**	**3,9**	**3,7**	**3,9**	**4,1**	**4,1**	**4,1**
	COM Nov 2006	3,8	3,8	3,8	3,9	n.a.	n.a.
	CP December 2005	*4,1*	*4,2*	*4,2*	*4,2*	*4,3*	*n.a.*
HICP inflation (%)	**CP December 2006**	**2,0**	**2,4**	**2,5**	**2,4**	**2,0**	**2,0**
	COM Nov 2006	2,0	2,4	2,0	2,4	n.a.	n.a.
	CP December 2005	*2,1*	*2,0*	*2,0*	*2,0*	*2,0*	*n.a.*
Output gap (% of potential GDP)	**CP December 2006** (1)	**– 0,9**	**– 1,0**	**– 1,1**	**– 1,1**	**– 1,1**	**– 1,1**
	COM Nov 2006 (5)	– 1,3	– 1,3	– 1,3	– 1,3	n.a.	n.a.
	CP December 2005 (1)	*– 0,8*	*– 0,3*	*0,1*	*0,0*	*0,1*	*n.a.*
General government balance (% of GDP)	**CP December 2006**	**– 2,3**	**– 1,9**	**– 1,6**	**– 0,7**	**– 0,4**	**– 0,1**
	COM Nov 2006	– 2,3	– 1,9	– 1,7	– 1,7	n.a.	n.a.
	CP December 2005	*– 2,5*	*– 1,9*	*– 1,8*	*– 1,2*	*– 0,6*	*n.a.*
Primary balance (% of GDP)	**CP December 2006**	**1,1**	**1,4**	**1,4**	**2,1**	**2,1**	**2,2**
	COM Nov 2006	1,1	1,4	1,4	1,4	n.a.	n.a.
	CP December 2005	*0,7*	*1,2*	*1,2*	*1,4*	*1,7*	*n.a.*
Cyclically-adjusted balance (% of GDP)	**CP December 2006** (1)	**– 2,0**	**– 1,5**	**– 1,2**	**– 0,3**	**0,0**	**0,3**
	COM Nov 2006	– 1,8	– 1,4	– 1,2	– 1,2	n.a.	n.a.
	CP December 2005 (1)	*– 2,2*	*– 1,8*	*– 1,8*	*– 1,2*	*– 0,6*	*n.a.*
Structural balance (2) (% of GDP)	**CP December 2006** (3)	**– 3,3**	**– 1,9**	**– 1,0**	**– 0,3**	**– 0,1**	**– 0,1**
	COM Nov 2006 (4)	– 2,7	– 1,4	– 1,2	– 1,2	n.a.	n.a.
	CP December 2005	*– 3,1*	*– 2,1*	*– 2,1*	*– 1,5*	*– 0,6*	*n.a.*
Government gross debt (% of GDP)	**CP December 2006**	**69,2**	**64,7**	**60,5**	**52,5**	**49,0**	**46,1**
	COM Nov 2006	69,2	64,8	62,2	59,6	n.a.	n.a.
	CP December 2005	*70,5*	*67,0*	*64,0*	*56,9*	*53,5*	*n.a.*

Notes:

(1) Commission services calculations on the basis of the information in the programme.

(2) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.

(3) One-off and other temporary measures taken from the programme (1,3 % of GDP in 2005 and 0,4 % in 2006, deficit-reducing,). They include 0,4 % of GDP in 2005 and 2006 accounting for the EU funds-related transactions.

(4) One-off and other temporary measures taken from the Commission services' autumn 2006 forecast (0,9 % of GDP in 2005; deficit-reducing) as compared to the programme (see note 3) the Commission services did not treat any EU fund-related transactions as one-off.

(5) Based on estimated potential growth of 3,9 %, 3,7 %, 3,9 % and 4,0 % respectively in the period 2005-2008.

Source:

Convergence programme (CP); Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

COUNCIL OPINION

of 27 February 2007

on the updated convergence programme of Lithuania, 2006-2009

(2007/C 71/06)

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(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the updated convergence programme of Lithuania, which covers the period 2006 to 2009. The update was submitted almost two weeks beyond the 1 December deadline set in the code of conduct in view of a change in the approval procedure for the programme which now involves the Parliament.

(2) The macroeconomic scenario underlying the programme envisages that real GDP growth will decelerate progressively from 7,8 % in 2006 to 4,5 % in 2009. Assessed against currently available information, this scenario appears to be based on cautious growth assumptions from 2007. The programme's projections for inflation appear to be on the low side in the light of recent developments.

(3) For 2006, the general government deficit is estimated at 1 % of GDP in the Commission services' autumn 2006 forecast against a target of 1,4 % of GDP set in the previous update of the convergence programme. The updated programme presents a deficit estimated at 1,2 %. However, preliminary data for the whole of 2006 point to an even better deficit outcome close to balance. This is due to much higher-than-foreseen economic activity and employment, faster wage growth and improvements in tax collection and was achieved in spite of a budget amendment in July 2006 which increased expenditures by around 0,5 % of GDP.

(4) The main goal of the programme is to gradually reduce the general government deficit throughout the programme period so as to achieve the medium-term objective (MTO, see below) by 2008 and a balanced budget in 2009. The primary deficit is expected to be in balance by 2007 and to record a surplus of 0,8 % of GDP at the end of the programme period. Compared with the previous update, the planned adjustment is more ambitious, but backloaded against a less favourable macroeconomic scenario towards the end of the programme period. The envisaged fiscal consolidation relies on an increase in the revenue-to-GDP ratio that is higher than the increase in the expenditure-to-GDP ratio (2,6 percentage points compared to 1,4 percentage points). On the revenue side, only 0,5 percentage point is explained by an increase in the tax ratio, which is mainly due to an expected improvement in tax collection. The rest of the increase is not specified in the programme, but seems to be linked to the inflow of EU funds. On the expenditure side, the changes stem from a rise in public investment, social transfers and 'other' primary expenditures, which is less than fully offset by a significant cut in government consumption as a percentage of GDP (by more than 2 percentage points).

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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

(5) The structural balance (i.e. the cyclically-adjusted balance net of one-off and other temporary measures) calculated according to the commonly agreed methodology is planned to gradually improve from a deficit of 1¾ % of GDP in 2006 to a surplus of ½ % of GDP in 2009. As in the previous update of the convergence programme, the medium-term objective (MTO) for the budgetary position presented in the programme is a structural deficit of 1 % of GDP, which the programme aims to achieve by 2008. As the MTO is more demanding than the minimum benchmark (estimated at a deficit of around 2 % of GDP), achieving it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit. The MTO lies within the range indicated for euro-area and ERM II Member States in the Stability and Growth Pact and the code of conduct and adequately reflects the debt ratio and average potential output growth in the long term.

(6) The risks to the budgetary projections in the programme appear broadly balanced until 2007, but budgetary outcomes could be worse than projected in the programme from 2008 onwards. The budgetary strategy relies on a significant increase in the revenues-to-GDP ratio and the substantial cut in public consumption-to-GDP ratio, which could have been better substantiated, taking into account the medium-term framework for the planning and control of public finances which is not sufficiently binding. While the likely carry-over from a lower-than-estimated deficit outcome in 2006 implies that the target for 2007 could be achieved, the lack of detailed information on the envisaged measures introduces considerable uncertainty for the achievement of the budgetary targets from 2008 onwards.

(7) In view of this risk assessment, the budgetary stance in the programme may not be sufficient to ensure that the MTO is achieved by 2008, as envisaged in the programme. However, it seems to provide a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations throughout the programme period. According to the programme, the pace of the adjustment towards the MTO is in line with the Stability and Growth Pact which specifies that the adjustment should be higher in good economic times and could be lower in bad economic times. Nevertheless, in view of the risks identified above, the planned structural adjustment should be strengthened by backing it up with measures so that the annual improvement in the structural balance is 0.5 % of GDP as a benchmark, as required for euro-area and ERM II Member States.

(8) Government gross debt is estimated to have reached 18½ % of GDP in 2006, well below the 60 % of GDP Treaty reference value. The programme projects the debt ratio to remain at around 19 % of GDP in 2007-2008 before decreasing to 17¾ % in 2009.

(9) The long-term budgetary impact of ageing in Lithuania is lower than the EU average, with a limited increase in pension expenditure over the coming decades, influenced by the pension reforms enacted. The current level of gross debt is very low in Lithuania and improving the budgetary position as planned in the convergence programme update would contribute to containing the risks to the long-term sustainability of public finances. Overall, Lithuania appears to be at low risk with regard to the sustainability of public finances.

(10) The convergence programme does not contain a qualitative assessment of the overall impact of the October 2006 implementation report of the national reform programme within the medium-term fiscal strategy. However, it provides systematic information on the direct budgetary costs of the main reforms envisaged in the national reform programme and its budgetary projections seem to take into account the public finance implications of the actions outlined in the national reform programme. The measures in the area of public finances envisaged in the convergence programme seem consistent with those foreseen in the national reform programme. In particular, both programmes highlight the ongoing pensions, health care and tax reforms. Nevertheless, the general government deficit targets presented in the convergence programme are significantly lower than those presented in the national reform programme.

(11) The budgetary strategy in the programme is broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008.

(12) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme provides all required and most of the optional data [1].

The Council concludes that, in a context of strong growth prospects, the programme envisages progress towards the MTO, which is targeted to be reached by 2008. However, there are risks to the achievement of the budgetary targets from 2008 onwards. A strong budgetary position is particularly important in view of pressures on inflation and the current account.

In view of the above assessment, the Council invites Lithuania to:

(i) exploit the good times by aiming for a more demanding deficit target in 2007 in view of the likely better deficit outcome in 2006 and back-up the adjustment towards the MTO with measures which would ensure an annual improvement in the structural balance of 0,5 % of GDP as a benchmark as required for euro-area and ERM II Member States, and the intended improvement beyond the MTO.

(ii) continue to improve the medium-term framework for the planning and control of public finances.

Comparison of key macroeconomic and budgetary projections

		2005	2006	2007	2008	2009
Real GDP (% change)	**CP Dec 2006**	**7,6**	**7,8**	**6,3**	**5,3**	**4,5**
	COM Nov 2006	7,6	7,8	7,0	6,5	n.a.
	CP Dec 2005	*7,0*	*6,0*	*5,3*	*6,8*	*n.a.*
HICP inflation (%)	**CP Dec 2006**	**2,7**	**3,9**	**4,7**	**3,4**	**3,1**
	COM Nov 2006	2,7	3,8	4,6	3,3	n.a.
	CP Dec 2005	*2,7*	*2,7*	*2,7*	*2,5*	*n.a.*
Output gap (% of potential GDP)	**CP Dec 2006** [1]	**1,9**	**2,4**	**1,6**	**0,1**	**– 1,9**
	COM Nov 2006 [5]	1,2	1,4	0,7	– 0,6	n.a.
	CP Dec 2005 [1]	*2,9*	*2,1*	*0,5*	*0,6*	*n.a.*
General government balance (% of GDP)	**CP Dec 2006**	**– 0,5**	**– 1,2**	**– 0,9**	**– 0,5**	**0,0**
	COM Nov 2006	– 0,5	– 1,0	– 1,2	– 1,3	n.a.
	CP Dec 2005	*– 1,5*	*– 1,4*	*– 1,3*	*– 1,0*	*n.a.*
Primary balance (% of GDP)	**CP Dec 2006**	**0,3**	**– 0,4**	**0,0**	**0,4**	**0,8**
	COM Nov 2006	0,3	– 0,2	– 0,4	– 0,5	n.a.
	CP Dec 2005	*– 0,9*	*– 0,8*	*– 0,7*	*– 0,4*	*n.a.*

[1] In particular the data on the contributions of the stock-flow adjustment to changes in the debt and estimates of the contributions to potential GDP growth by labour, capital and TFP are not submitted. The method of the Hodrick-Prescott filter was applied to estimate the output gap which is the possibility foreseen in the Code of Conduct for recently acceded Member States.

		2005	2006	2007	2008	2009
Cyclically-adjusted balance (% of GDP)	**CP Dec 2006** (1)	**− 1,0**	**− 1,8**	**− 1,3**	**− 0,5**	**0,5**
	COM Nov 2006	− 0,8	− 1,4	− 1,4	− 1,2	n.a.
	CP Dec 2005 (1)	*− 2,3*	*− 2,0*	*− 1,4*	*− 1,2*	*n.a.*
Structural balance (2) (% of GDP)	**CP Dec 2006** (3)	**− 1,0**	**− 1,8**	**− 1,3**	**− 0,5**	**0,5**
	COM Nov 2006 (4)	− 0,8	− 1,4	− 1,4	− 1,2	n.a.
	CP Dec 2005	*− 2,3*	*− 2,0*	*− 1,4*	*− 1,2*	*n.a.*
Government gross debt (% of GDP)	**CP Dec 2006**	**18,7**	**18,4**	**19,2**	**19,0**	**17,7**
	COM Nov 2006	18,7	18,9	19,6	19,8	n.a.
	CP Dec 2005	*19,2*	*19,9*	*19,8*	*18,9*	*n.a.*

Notes:
(1) Commission services calculations on the basis of the information in the programme.
(2) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.
(3) There are no one-off and other temporary and other temporary measures in the programme.
(4) There are no one-off and other temporary measures taken from the Commission services' autumn 2006 forecast.
(5) Based on estimated potential growth of 7,9 %, 7,7 %, 7,8 % and 7,9 % respectively in the period 2005-2008.

Source:
Convergence programme; Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

COUNCIL OPINION

of 27 February 2007

on the updated convergence programme of Hungary, 2006-2010

(2007/C 71/07)

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(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

HAS DELIVERED THIS OPINION:

(1) On 27 February 2007 the Council examined the updated convergence programme of Hungary, which covers the period 2006 to 2010.

(2) The programme's macroeconomic scenario expects a slow-down of economic activity for the years 2007 and 2008, as a result of the fiscal consolidation measures, with a recovery to pre-consolidation growth rates by 2009. Assessed against currently available information, this scenario appears to be broadly plausible for the years up to 2008 and might even be slightly cautious, while for the outer years it seems rather favourable. The programme projects inflation to surge in 2007 and rapidly decline thereafter; however, the projected inflation path over the entire programme horizon is somewhat favourable.

(3) For 2006, the general government deficit is estimated at 10,1 % of GDP in the Commission services' autumn 2006 forecast, in line with the revised target of the September 2006 update ([2]), and against a target of 6,1 % of GDP set in the December 2005 update of the convergence programme. The overshoot compared to the original deficit target took place almost entirely on the expenditure side (around 5 % of GDP), mainly operational costs of central budgetary institutions, pension and healthcare expenditure and local government investment. It also reflects the inclusion of motorway investment inside the general government (1,1 % of GDP). The budgetary corrective package of 1½ % of GDP adopted in summer 2006 consists of revenue-increasing measures, together with some immediate expenditure cuts in the areas of health-care, gas price subsidies and public administration. These measures (except the withdrawal of the 0,3 % of GDP general reserve of the budget) are expected to produce important effects also in 2007 and thereafter.

(4) The main goal of the update is to correct the excessive deficit by 2009 (reducing the deficit from 10,1 % of GDP in 2006 to 3,2 % of GDP in 2009 ([3])), in line with the September 2006 update

([1]) OJ L 209, 2.8.1997, p. 1. Regulation as amended by Regulation (EC) No 1055/2005 (OJ L 174, 7.7.2005, 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]) In its opinion on the December 2005 update of the convergence programme, the Council had considered that the planned cut in expenditures of 7,5 % of GDP was not backed by concrete measures. Therefore, it had invited Hungary to present by 1 September 2006 at the latest an adjusted convergence programme update identifying concrete and structural measures fully consistent with its medium-term adjustment path. In accordance with this request, Hungary submitted its adjusted programme on 1 September 2006 to the Council and the Commission.

([3]) The deficit target of 3,2 % of GDP in 2009 would still exceed the 3 % of GDP threshold specified in the Treaty. It is assumed in the programme that the Council and the Commission take into account 20 % of the yearly burden on the budget arising from the pension reform (which is expected to amount to 0,3 % of GDP in that year) when taking a decision on abrogating the excessive deficit procedure for Hungary (in line with Council Regulation (EC) No 1467/97 as amended, Article 2 paragraph 7, which stipulates that if the general government deficit '… *has declined substantially and continuously and has reached a level that comes close to the reference value*', the Council and the Commission should consider the net cost of a pension reform that includes a fully-funded pillar on a linear degressive basis for a transitory period of five years, and taking into account the implementing provisions in the code of conduct).

against a background of a broadly similar macroeconomic scenario, with a further reduction in 2010. The improvement in the primary balance is of the same magnitude. The planned adjustment is front-loaded, with nearly half of the reduction in the deficit ratio to take place in 2007. The planned nominal adjustment over the programme period is to be achieved by increasing the revenue-to-GDP ratio by nearly 1 percentage point and by reducing the expenditure-to-GDP ratio by 6.5 percentage points. An initial increase in the tax burden by 1,6 percentage points of GDP in 2007 is progressively replaced by measures on the expenditure side. On top of the expenditure cuts and budgetary freezes adopted since summer 2006, the authorities have started to strengthen expenditure controls and enhance the institutional framework of public finances. Moreover, the programme spells out a broad structural reform agenda aimed to ensure the achievement of the deficit targets, especially in the outer years of the programme.

(5) The structural balance (i.e. the cyclically-adjusted balance net of one-off and other temporary measures) calculated according to the commonly agreed methodology is planned to improve from 9¾ % of GDP in 2006 to around 3 % at the end of the programme period. The medium-term objective (MTO) for the budgetary position presented in the programme is a structural deficit of 0,5 % of GDP, which the programme does not aim to achieve within the programme period. This is somewhat more ambitious compared to the previous update of the programme, which put forward an MTO-range of a structural deficit between 0,5 % and 1 % of GDP. The MTO adequately reflects the debt ratio and average potential output growth in the long term. As the MTO is more demanding than the minimum benchmark (estimated at a structural deficit of around 1½ % of GDP), achieving it should fulfil the aim of providing a safety margin against the occurrence of an excessive deficit.

(6) The budgetary outcomes could be worse than targeted in the programme, especially from 2008. The risks to the deficit path stemming from the macroeconomic outlook are broadly balanced until 2008, but lower-than-projected GDP growth in the outer years could lead to a higher deficit. Although the short-term expenditure cuts and temporary budgetary freezes were incorporated into the 2007 budget as planned, there is still some uncertainty about the effective enforcement of the expenditure freezes (also because of the poor track-record of similar controls in 2004-2006). The effectiveness of the new fiscal rules and the initial steps taken towards a multi-annual budgetary framework in reversing the pattern of regular expenditure overruns will have to be tested. The Government has taken decisions on a number of steps to reform the public administration, health, pension, price subsidies and education systems. Based on these measures the budgetary outcomes could be closer to the deficit targets for 2007 and 2008 than expected in the Commission services' autumn 2006 forecast. However, the remaining structural reform steps, necessary to replace the expenditure-curbing measures that expire at the end of 2008, still need to be further specified and fully implemented. In addition, in the outer years of the programme, there is a risk of a budgetary loosening as evidenced by past experience. Finally, should the restructuring plans of the public transport companies fail to yield the expected results, the accumulating losses of these companies might temporarily increase the deficit.

(7) In view of this risk assessment, the budgetary stance in the programme seems broadly consistent with a correction of the excessive deficit by 2009 as recommended by the Council provided that the budgetary strategy is fully implemented. This concerns in particular the full implementation of the consolidation measures announced in the 2007 budget and in the new programme as well as the further specification and timely adoption of the announced additional structural reform measures. In 2010, after the planned correction of the excessive deficit, the pace of the adjustment towards the MTO implied by the programme should be strengthened. This would also be a first step towards providing a sufficient safety margin against breaching the 3 % of GDP deficit threshold with normal macroeconomic fluctuations, which is not in place.

(8) The government gross debt is estimated to have reached 67½ % of GDP in 2006, which is above the 60 % of GDP Treaty reference value. The programme projects the debt ratio to increase to 71¼ % in 2008. After 2008, it is expected to decrease again and return to 67½ % in 2010. The evolution of the debt ratio is likely to be less favourable than projected in the programme given the risks to the budgetary targets mentioned above. In view of this risk assessment, the debt ratio would not be sufficiently diminishing towards the reference value until the end of the programme period.

(9) The long-term budgetary impact of ageing in Hungary is well above the EU average, notably as a result of the high increase in pension expenditure as a share of GDP over the long term. While first important steps have been taken, full implementation of further reform measures aimed at containing the significant increase in age-related expenditures as planned in the programme would contribute to reducing risks to the sustainability of public finances. Moreover, and importantly, the weak initial budgetary position, having deteriorated substantially compared with 2005, constitutes a risk to sustainable public finances even before the long-term budgetary impact of an ageing population is considered. In addition, the current level of gross debt is above the Treaty reference value. Further budgetary consolidation as planned would contribute to reducing risks to the sustainability of public finances. Overall, Hungary appears to be at high risk with regard to the sustainability of public finances.

(10) The convergence programme contains a qualitative assessment of the overall impact of the Hungarian October 2006 revised national reform programme within the overall medium-term strategy. In addition, it provides some information on the direct budgetary costs or savings of the main reforms envisaged in the national reform programme, but its budgetary projections do not explicitly take into account all the public finance implications of the actions outlined in the national reform programme. The measures in the area of public finances envisaged in the convergence programme seem consistent with those foreseen in the national reform programme. In particular, the structural reform plans and recently adopted measures outlined in the convergence programme entirely correspond to the reform agenda presented in the national reform programme, notably the reform steps adopted in the fields of public administration, health-care, pension and education and various subsidy systems.

(11) The budgetary strategy in the programme is broadly consistent with the broad economic policy guidelines included in the integrated guidelines for the period 2005-2008.

(12) As regards the data requirements specified in the code of conduct for stability and convergence programmes, the programme provides all required and most of the optional data ([1]).

The Council considers that the programme plans to reduce the very high deficits of the past years through a frontloaded adjustment effort and is broadly consistent with correcting the excessive deficit by 2009, the deadline set by the Council. A number of revenue-increasing and expenditure-containing measures have been taken since the summer of 2006, as well as initial reform steps in the fields of public administration, health care, pension and education reform. However, there are risks to the achievement of the deficit and debt targets, especially from 2008.

In view of the above assessment, and also in the light of the recommendation under Article 104(7) of 10 October 2006, the Council encourages Hungary to continue the highest efforts and invites Hungary to:

(i) Rigorously implement the 2007 budget and take adequate action to ensure the correction of the excessive deficit by 2009, if necessary through additional measures; and ensure, including by using any extra revenues for deficit reduction, that the gross debt-to-GDP ratio is brought onto a firm downward trajectory, preferably before 2009.

(ii) Improve budgetary control by enhancing fiscal rules and by strengthening the institutional framework of public finances, building on the first steps undertaken in the budget for 2007.

(iii) Curb expenditure in a permanent manner through the adoption and swift implementation of the announced streamlining of the public administration and healthcare systems and the envisaged reform of the education system.

(iv) In view of the level of debt and the increase in age-related expenditure, improve the long-term sustainability of public finances by making adequate progress towards the MTO and taking additional pension reform measures as announced.

([1]) In particular, data are missing on government expenditure by function as well as on hours worked, the government's financial assets and financial debt; some data on the long-term sustainability of public finances are also not provided.

Comparison of key macroeconomic and budgetary projections

		2005	2006	2007	2008	2009	2010
Real GDP (% change)	**CP Dec 2006**	**4,2**	**4,0**	**2,2**	**2,6**	**4,2**	**4,3**
	COM Nov 2006	4,2	4,0	2,4	2,7	n.a.	n.a.
	CP Sep 2006	*4,1*	*4,1*	*2,2*	*2,6*	*4,1*	*n.a.*
	CP Dec 2005	*4,2*	*4,3*	*4,1*	*4,1*	*n.a.*	*n.a.*
HICP inflation (%)	**CP Dec 2006**	**3,6**	**3,9**	**6,2**	**3,3**	**3,0**	**2,8**
	COM Nov 2006	3,5	3,9	6,8	3,9	n.a.	n.a.
	CP Sep 2006	*3,6*	*3,5*	*6,2*	*3,3*	*3,0*	*n.a.*
	CP Dec 2005	*3,5*	*2,1*	*3,0*	*2,4*	*n.a.*	*n.a.*
Output gap (% of potential GDP)	**CP Dec 2006** (1)	**0,5**	**0,9**	**− 0,4**	**− 1,2**	**− 0,5**	**0,4**
	COM Nov 2006 (5)	0,6	1,0	0,1	− 0,5	n.a.	n.a.
	CP Sep 2006 (1)	*0,3*	*0,8*	*− 0,3*	*− 0,9*	*0,0*	*n.a.*
	CP Dec 2005 (1)	*− 1,0*	*− 0,5*	*− 0,1*	*0,4*	*n.a.*	*n.a.*
General government balance (% of GDP)	**CP Dec 2006**	**− 7,8**	**− 10,1**	**− 6,8**	**− 4,3**	**− 3,2**	**− 2,7**
	COM Nov 2006	− 7,8	− 10,1	− 7,4	− 5,6	n.a.	n.a.
	CP Sep 2006	*− 7,5*	*− 10,1*	*− 6,8*	*− 4,3*	*− 3,2*	*n.a.*
	CP Dec 2005 (6)	*− 7,4*	*− 6,1*	*− 4,7*	*− 3,4*	*n.a.*	*n.a.*
Primary balance (% of GDP)	**CP Dec 2006**	**− 3,7**	**− 6,2**	**− 2,4**	**0,0**	**0,9**	**1,1**
	COM Nov 2006	− 3,7	− 6,1	− 2,9	− 1,4	n.a.	n.a.
	CP Sep 2006	*− 3,4*	*− 6,3*	*− 2,4*	*− 0,2*	*0,8*	*n.a.*
	CP Dec 2005 (6)	*− 3,8*	*− 2,9*	*− 1,7*	*− 0,7*	*n.a.*	*n.a.*
Cyclically-adjusted balance (% of GDP)	**CP Dec 2006** (1)	**− 8,0**	**− 10,5**	**− 6,6**	**− 3,8**	**− 3,0**	**− 2,9**
	COM Nov 2006	− 8,1	− 10,5	− 7,4	− 5,4	n.a.	n.a.
	CP Sep 2006 (1)	*− 7,6*	*− 10,5*	*− 6,7*	*− 3,9*	*− 3,2*	*n.a.*
	CP Dec 2005	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*

		2005	2006	2007	2008	2009	2010
Structural balance ([2]) (% of GDP)	**CP Dec 2006** ([3])	**− 8,0**	**− 9,8**	**− 5,6**	**− 3,7**	**− 3,0**	**− 2,9**
	COM Nov 2006 ([4])	− 8,5	− 10,3	− 6,5	− 5,1	n.a.	n.a.
	CP Sep 2006	*− 7,6*	*− 9,7*	*− 5,8*	*− 3,6*	*− 3,2*	*n.a.*
	CP Dec 2005	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Government gross debt (% of GDP)	**CP Dec 2006**	**61,7**	**67,5**	**70,1**	**71,3**	**69,3**	**67,5**
	COM Nov 2006	61,7	67,6	70,9	72,7	n.a.	n.a.
	CP Sep 2006	*62,3*	*68,5*	*71,3*	*72,3*	*70,4*	*n.a.*
	CP Dec 2005 ([6])	*61,5*	*63,0*	*63,2*	*62,3*	*n.a.*	*n.a.*

Notes:

([1]) Commission services calculations on the basis of the information in the programme.

([2]) Cyclically-adjusted balance (as in the previous rows) excluding one-off and other temporary measures.

([3]) One-off and other temporary measures taken from the programme (0,7 % of GDP in 2006 and 1,0 % of GDP in 2007 and 0,1 % of GDP in 2008; all deficit increasing).

([4]) One-off and other temporary measures taken from the Commission services' autumn 2006 forecast (0,4 % of GDP in 2005, deficit reducing; 0,3 % of GDP in 2006; 0,9 % of GDP in 2007 and 0,3 % in 2008; all deficit increasing).

([5]) Based on estimated potential growth of 3,7 %, 3,6 %, 3,4 % and 3,2 % respectively in the period 2005-2008.

([6]) For the sake of comparability, the budgetary figures of the December 2005 Convergence Programme were adjusted to include pension reform-related costs.

Source:

Convergence programme (CP); Commission services' autumn 2006 economic forecasts (COM); Commission services' calculations

II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS AND BODIES

COMMISSION

Initiation of proceedings

(Case COMP/M.4504 — SFR/TELE 2 France)

(Text with EEA relevance)

(2007/C 71/08)

On 19 March 2007, the Commission decided to initiate proceedings in the above-mentioned case after finding that the notified concentration raises serious doubts as to its compatibility with the common market. The initiation of proceedings opens a second phase investigation with regard to the notified concentration. The decision is based on Article 6(1)(c) of Council Regulation (EC) No 139/2004.

The Commission invites interested third parties to submit their observations on the proposed concentration to the Commission.

In order to be fully taken into account in the procedure, observations should reach the Commission not later than 15 days following the date of this publication. Observations can be sent to the Commission by fax ((32-2) 296 43 01 — 296 72 44) or by post, under reference COMP/M.4504 — SFR/TELE 2 France, to the following address:

Commission of the European Communities
Competition DG
Merger Registry
Rue Joseph II/Jozef II-straat 70
B-1000 Brussels

Authorisation for State aid pursuant to Articles 87 and 88 of the EC Treaty

Cases where the Commission raises no objections

(2007/C 71/09)

Date of adoption of the decision	19.12.2006
Reference number of the aid	NN 4/04 (ex N 13/04)
Member State	Federal Republic of Germany
Region	Schleswig-Holstein
Title (and/or name of the beneficiary)	Förderung der Dorf- und ländlichen Regionalentwicklung — Änderung des Beihilferegimes N 326/99
Legal basis	Richtlinien zur Förderung der Dorf- und ländlichen Regionalentwicklung in Schleswig-Holstein
Type of measure	Aid scheme
Objective	Investments and technical assistance
Form of aid	Grant
Budget	EUR 956 100
Intensity	Variable
Duration (period)	2003-2006
Economic sectors	Agriculture
Name and address of the granting authority	Landesregierung Schleswig-Holstein Ministerium für ländliche Räume, Landesplanung, Landwirtschaft und Tourismus D-24106 Kiel
Other information	—

The authentic text(s) of the decision, from which all confidential information has been removed, can be found at:

http://ec.europa.eu/community_law/state_aids/

Date of adoption of the decision	13.12.2006
Reference number of the aid	NN 44/06
Member State	Federal Republic of Germany
Region	Schleswig-Holstein
Title (and/or name of the beneficiary)	BVD-Beihilfe Richtlinien
Legal basis	— Landesverordnung zum Schutz der Rinder vor eine Infektion mit dem Bovinen Virusdiarrhoe-Virus vom 13.9.2005 — BVD-Beihilfe Richtlinie
Type of measure	Aid scheme
Objective	To prevent bovine viral diarrhoea (BVD) infections
Form of aid	Grant

Budget	EUR 1 175 000 per year
Intensity	Maximum 50 % of eligible costs and EUR 100 per culled animal
Duration (period)	2 years
Economic sectors	Agriculture
Name and address of the granting authority	Ministerium für Landwirtschaft Mercatorstr. 3 D-24106 Kiel
Other information	—

The authentic text(s) of the decision, from which all confidential information has been removed, can be found at:

http://ec.europa.eu/community_law/state_aids/

Date of adoption of the decision	6.12.2006
Reference number of the aid	NN 47/06 (ex N 445/06)
Member State	United Kingdom
Region	England
Title (and/or name of the beneficiary)	Cattle Compensation Scheme: Bovine TB, Brucellosis, BSE and EBL (England)
Legal basis	The Animal Health Act 1981, The Tuberculosis (England) Order 2006, The Brucellosis (England) Order, The Enzootic Bovine Lekosis (England) Order 2000 and The Transmissible Spongiform Encephalopathies Regulations 2006
Type of measure	Scheme
Objective	Risk management: animal diseases
Form of aid	Grant
Budget	GBP 102 million (EUR 147 million)
Intensity	100 %
Duration	1.2.2006-31.1.2012
Economic sectors	Agriculture
Name and address of the granting authority	Department for Environment, Food and Rural Affairs (Defra) TB Division: Policy and Compensation Branch 1A, Page Street London SW1P 4PQ United Kingdom
Other information	—

The authentic text(s) of the decision, from which all confidential information has been removed, can be found at:

http://ec.europa.eu/community_law/state_aids/

Date of adoption of the decision	8.2.2007
Reference number of the aid	NN 60/06 ex N 569/06
Member State	The Netherlands
Region	—
Title (and/or name of the beneficiary)	Vrijstelling van accijnzen voor pure plantaardige olie, OPEK OPEK
Legal basis	Individuele beschikkingen, bevoegdheid van de Staatssecretaris van Financiën
Type of measure	Exemption of excise tax
Objective	Exemption of the excise tax for fuel, as a compensation for the extra costs of the production of Pure Plant Oil by OPEK. Reduction of CO_2 emission in the Netherlands
Form of aid	Compensation payment, Aid to compensate for the extra costs of the production of Pure Plant Oil
Budget	EUR 1 000 000
Intensity	Compensation of additional production costs
Duration	16.7.2002-31.12.2010
Economic sectors	Agriculture — Energy production
Name and address of the granting authority	Ministerie van Financiën Den Haag Postbus 20201 2500 EE Den Haag Nederland
Other information	The exemption from excise tax has been approved for three companies, OPEK is one of these companies

The authentic text(s) of the decision, from which all confidential information has been removed, can be found at:

http://ec.europa.eu/community_law/state_aids/

Date of adoption of the decision	8.2.2007
Reference number of the aid	NN 61/06 ex N 570/06
Member State	The Netherlands
Region	—
Title (and/or name of the beneficiary)	Vrijstelling van accijnzen voor pure plantaardige olie, Solaroilsystems Solaroilsystems
Legal basis	Individuele beschikkingen, bevoegdheid van de Staatssecretaris van Financiën
Type of measure	Exemption of excise tax
Objective	Exemption of the excise tax for fuel, as a compensation for the extra costs of the production of Pure Plant Oil bySolaroilsystems. Reduction of CO_2 emission in the Netherlands
Form of aid	Compensation payment, Aid to compensate for the extra costs of the production of Pure Plant Oil

Budget	EUR 6 800 000
Intensity	Compensation of additional production costs
Duration	25.6.2003-31.12.2010
Economic sectors	Agriculture — Energy production
Name and address of the granting authority	Ministerie van Financiën Den Haag Postbus 20201 2500 EE Den Haag Nederland
Other information	The exemption from excise tax has been approved for three companies, Solaroil-systems is one of these companies

The authentic text(s) of the decision, from which all confidential information has been removed, can be found at:

http://ec.europa.eu/community_law/state_aids/

Non-opposition to a notified concentration

(Case COMP/M.4441 — EN+/Glencore/SUAL/UC RUSAL)

(Text with EEA relevance)

(2007/C 71/10)

On 1 February 2007, 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 website (http://ec.europa.eu/comm/competition/mergers/cases/). This website 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 32007M4441. EUR-Lex is the on-line access to European law. (http://eur-lex.europa.eu)

Non-opposition to a notified concentration

(Case COMP/M.4544 — RANK/SIG)

(Text with EEA relevance)

(2007/C 71/11)

On 15 March 2007, 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 website (http://ec.europa.eu/comm/competition/mergers/cases/). This website 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 32007M4544. EUR-Lex is the on-line access to European law. (http://eur-lex.europa.eu)

Non-opposition to a notified concentration

(Case COMP/M.4560 — ONEX/Eastman Kodak Health Group)

(Text with EEA relevance)

(2007/C 71/12)

On 15 March 2007, 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 website (http://ec.europa.eu/comm/competition/mergers/cases/). This website 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 32007M4560. EUR-Lex is the on-line access to European law. (http://eur-lex.europa.eu)

III

(Preparatory Acts)

MEMBER STATES' INITIATIVES

COUNCIL

Initiative of the Kingdom of Belgium, the Republic of Bulgaria, the Federal Republic of Germany, the Kingdom of Spain, the French Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Slovenia, the Slovak Republic, the Italian Republic, the Republic of Finland, the Portuguese Republic, Romania and the Kingdom of Sweden, with a view to adopting a Council Decision on the stepping up of cross-border cooperation, particularly in combating terrorism and cross-border crime

(2007/C 71/13)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Article 30(1)(a) and (b), Article 31(1)(a), Article 32 and Article 34(2)(c) thereof,

On the initiative of the Kingdom of Belgium, the Republic of Bulgaria, the Federal Republic of Germany, the Kingdom of Spain, the French Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Slovenia, the Slovak Republic, the Italian Republic, the Republic of Finland, the Portuguese Republic, Romania and the Kingdom of Sweden,

Having regard to the Opinion of the European Parliament ([1]),

Whereas:

(1) The Council of the European Union attaches fundamental importance to the establishment of an area of freedom, security and justice, which is a fundamental concern of the people of the States brought together in the Union.

(2) The European Union has set itself the goal of giving the citizens in that area of freedom, security and justice a high degree of security by developing common procedures among the Member States in the field of police and judicial cooperation in criminal matters.

(3) The conclusions of the European Council meeting in Tampere in October 1999 confirmed the need for improved exchange of information between the competent authorities of the Member States for the purpose of detecting and investigating offences.

(4) In the Hague Programme for strengthening freedom, security and justice in the European Union of November 2004, the European Council set forth its conviction that for that purpose an innovative approach to the cross-border exchange of law enforcement information was needed.

(5) The European Council accordingly stated that the exchange of such information should comply with the conditions applying to the principle of availability. This means that a law enforcement officer in one Member State of the Union who needs information in order to carry out his duties can obtain it from another Member State and that the law enforcement agencies in the Member State that holds this information will make it available for the declared purpose, taking account of the needs of investigations pending in that Member State.

(6) The European Council set 1 January 2008 as the deadline for achieving this objective in the Hague Programme.

(7) The Framework Decision 2006/960/JHA of 18 December 2006 on simplifying the exchange of information and intelligence between law enforcement authorities of the Member States of the European Union ([2]) lays down rules whereby the Member States' law enforcement authorities may exchange existing information and intelligence expeditiously and effectively for the purpose of carrying out criminal investigations or criminal intelligence operations.

([1]) Opinion of … (not yet published in the Official Journal).

([2]) OJ L 386, 29.12.2006, p. 89.

(8) The Hague Programme for strengthening freedom, security and justice states, however, that full use should be made of new technology and that there should also be reciprocal access to national databases. The Hague Programme also stipulates that new centralised European databases should be created only on the basis of studies that have shown their added value.

(9) For effective international cooperation it is of fundamental importance that precise information can be exchanged swiftly and efficiently. The aim is to introduce procedures for promoting fast, efficient and inexpensive means of data exchange. For the joint use of data these procedures shall be subject to accountability and incorporate appropriate guarantees as to the accuracy and security of the data during transmission and storage as well as procedures for recording data exchange and restrictions on the use of information exchanged.

(10) These requirements are satisfied by the Prüm Treaty of 27 May 2005 between the Kingdom of Belgium, the Federal Republic of Germany, the Kingdom of Spain, the French Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands and the Republic of Austria on the stepping up of cross-border cooperation, particularly in combating terrorism, cross-border crime and illegal migration. In order that the substantive requirements of the Hague Programme can be fulfilled for all Member States and that its targets in terms of time-scale can be achieved, the essential parts of the Prüm Treaty need to be made applicable to all Member States. This Council Decision should therefore be based on the main provisions of the Prüm Treaty.

(11) This Decision should therefore contain provisions designed to improve the exchange of information, whereby Member States grant one another access rights to their automated DNA analysis files, automated dactyloscopic identification systems and vehicle registration data. In the case of data from national DNA analysis files and automated dactyloscopic identification systems, a hit/no hit system should enable the searching Member State to request specific related personal data from the Member State administering the file and, where necessary, to request further information through mutual assistance procedures.

(12) This would considerably speed up existing procedures by enabling Member States to find out whether any other Member State, and if so, which, has the information it requires.

(13) Cross-border data comparison should open up a new dimension in crime fighting. The information obtained by comparing data should open up new investigative approaches for Member States and thus play a crucial role in assisting Member States' law enforcement agencies.

(14) The rules should be based on networking Member States' national databases and should thus constitute a simple and effective approach to tackling cross-border crime.

(15) Subject to certain conditions, Member States should be able to supply personal and non-personal data in order to improve the exchange of information in connection with major events with a cross-border dimension.

(16) As international cooperation, particularly in combating cross-border crime, is to be further improved, this Decision, in addition to improving the exchange of information, should allow, amongst other things, closer cooperation between police authorities, for example by means of joint security operations (e.g. joint patrols) and cross-border intervention in the event of immediate danger to life or limb.

(17) Closer police and judicial cooperation in criminal matters must go hand in hand with respect for fundamental rights, in particular the right to privacy and to protection of personal data. This should be guaranteed in this Decision by comprehensive special data protection arrangements, which should be tailored to the specific nature of the data exchange it regulates. The specific data protection provisions of the Decision should take particular account of the specific nature of cross-border on-line access to databases. Since, with on-line access, it is not possible for the Member State administering the file to make any prior checks, this Decision should ensure that post hoc monitoring takes place.

(18) Aware of the importance which this Decision has for protecting the rights of individuals, and aware that the supply of personal data to another Member State requires a sufficient standard of data protection on the part of the receiving Member State, Member States should provide for efficient implementation of all data protection rules contained in the Decision.

(19) Since the objectives of this Decision, in particular the improvement of information exchange in the European Union, cannot be sufficiently achieved by the Member States in isolation owing to the cross-border nature of crime fighting and security issues, and the Member States are forced to rely on one another in these matters, and can therefore be better achieved at European Union level, the Council may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the EC Treaty, to which Article 2 of the EU Treaty refers. In accordance with the principle of proportionality pursuant to Article 5 of the EC Treaty, this Decision does not go beyond what is necessary to achieve those objectives.

(20) This Decision respects the fundamental rights and observes the principles set out in particular in the Charter of Fundamental Rights of the European Union,

HAS DECIDED AS FOLLOWS:

CHAPTER 1

GENERAL ASPECTS

Article 1

Aim and scope

By means of this Decision, the Member States intend to step up cross-border cooperation in matters covered by Title VI of the EU Treaty, particularly the exchange of information between agencies responsible for the prevention and investigation of criminal offences. To this end, this Decision contains rules in the following areas:

(a) Provisions on the conditions and procedure for the automated transfer of DNA profiles, dactyloscopic data and certain national vehicle registration data (Chapter 2);

(b) Provisions on the conditions for the supply of data in connection with major events with a cross-border dimension (Chapter 3);

(c) Provisions on the conditions for the supply of information in order to prevent terrorist offences (Chapter 4);

(d) Provisions on the conditions and procedure for stepping up border police cooperation through various measures (Chapter 5).

CHAPTER 2

ON-LINE ACCESS AND FOLLOW-UP REQUESTS

SECTION 1

DNA Profiles

Article 2

Establishment of national DNA analysis files

1. Member States shall open and keep national DNA analysis files for the investigation of criminal offences. Processing of data kept in those files, under this Decision, shall be carried out in accordance with this Decision, in compliance with the national law applicable to the processing.

2. For the purpose of implementing this Decision, the Member States shall ensure the availability of reference data from their national DNA analysis files as referred to in the first sentence of paragraph 1. Reference data shall only include DNA profiles established from the non-coding part of DNA and a reference number. Reference data shall not contain any data from which the data subject can be directly identified. Reference data which is not attributed to any individual ('unidentified DNA-profiles') shall be recognisable as such.

3. Each Member State shall inform the General Secretariat of the Council of the national DNA analysis files to which Articles 2 to 6 apply and the conditions for automated searching as referred to in Article 3(1) in accordance with Article 33.

Article 3

Automated searching of DNA profiles

1. For the investigation of criminal offences, Member States shall allow other Member States' national contact points as referred to in Article 6, access to the reference data in their DNA analysis files, with the power to conduct automated searches by comparing DNA profiles. Searches may be conducted only in individual cases and in compliance with the requesting Member State's national law.

2. Should an automated search show that a DNA profile supplied matches DNA profiles entered in the receiving Member State's searched file, the national contact point of the receiving Member State shall receive automated notification of the reference data with which a match has been found. If no match can be found, automated notification of this shall be given.

Article 4

Automated comparison of DNA profiles

1. For the investigation of criminal offences, the Member States shall, by mutual consent, via their national contact points, compare the DNA profiles of their unidentified DNA-profiles with all DNA profiles from other national DNA analysis files' reference data. Profiles shall be supplied and compared in automated form. Unidentified DNA profiles shall be supplied for comparison only where provided for under the requesting Member State's national law.

2. Should a Member State, as a result of the comparison referred to in paragraph 1, find that any DNA profiles supplied match any of those in its DNA analysis files, it shall, without delay, supply the other Member State's national contact point with the reference data with which a match has been found.

Article 5

Supply of further personal data and other information

Should the procedures referred to in Articles 3 and 4 show a match between DNA profiles, the supply of any available further personal data and other information relating to the reference data shall be governed by the national law, including the legal assistance rules, of the requested Member State.

Article 6

National contact point and implementing measures

1. For the purposes of the supply of data as referred to in Articles 3 and 4, each Member State shall designate a national contact point. The powers of the national contact points shall be governed by the applicable national law.

2. Details of technical arrangements for the procedures set out in Articles 3 and 4 shall be laid down in the implementing measures as referred to in Article 34.

Article 7

Collection of cellular material and supply of DNA profiles

Where, in ongoing investigations or criminal proceedings, there is no DNA profile available for a particular individual present within a requested Member State's territory, the requested Member State shall provide legal assistance by collecting and examining cellular material from that individual and by supplying the DNA profile obtained, if:

(a) the requesting Member State specifies the purpose for which this is required;

(b) the requesting Member State produces an investigation warrant or statement issued by the competent authority, as required under that Member State's law, showing that the requirements for collecting and examining cellular material would be fulfilled if the individual concerned were present within the requesting Member State's territory; and

(c) under the requested Member State's law, the requirements for collecting and examining cellular material and for supplying the DNA profile obtained are fulfilled.

SECTION 2

Dactyloscopic data

Article 8

Dactyloscopic data

For the purpose of implementing this Decision, Member States shall ensure the availability of reference data from the file for the national automated fingerprint identification systems established for the prevention and investigation of criminal offences. Reference data shall only include dactyloscopic data and a reference number. Reference data shall not contain any data from which the data subject can be directly identified. Reference data which is not attributed to any individual ('unidentified dactyloscopic data') must be recognisable as such.

Article 9

Automated searching of dactyloscopic data

1. For the prevention and investigation of criminal offences, Member States shall allow other Member States' national contact points, as referred to in Article 11, access to the reference data in the automated fingerprint identification systems which they have established for that purpose, with the power to conduct automated searches by comparing dactyloscopic data. Searches may be conducted only in individual cases and in compliance with the requesting Member State's national law.

2. The confirmation of a match of dactyloscopic data with reference data held by the Member State administering the file shall be carried out by the national contact point of the requesting Member State by means of the automated supply of the reference data required for a clear match.

Article 10

Supply of further personal data and other information

Should the procedure referred to in Article 9 show a match between dactyloscopic data, the supply of any available further personal data and other information relating to the reference data shall be governed by the national law, including the legal assistance rules, of the requested Member State.

Article 11

National contact point and implementing measures

1. For the purposes of the supply of data as referred to in Article 9, each Member State shall designate a national contact point. The powers of the national contact points shall be governed by the applicable national law.

2. Details of technical arrangements for the procedure set out in Article 9 shall be laid down in the implementing measures as referred to in Article 34.

SECTION 3

VEHICLE REGISTRATION DATA

Article 12

Automated searching of vehicle registration data

1. For the prevention and investigation of criminal offences and in dealing with other offences coming within the jurisdiction of the courts or the public prosecution service in the searching Member State, as well as in maintaining public order and security, Member States shall allow other Member States' national contact points, as referred to in paragraph 2, access to the following national vehicle registration data, with the power to conduct automated searches in individual cases:

(a) data relating to owners or operators; and

(b) data relating to vehicles.

Searches may be conducted only with a full chassis number or a full registration number. Searches may be conducted only in compliance with the searching Member State's national law.

2. For the purposes of the supply of data as referred to in paragraph 1, each Member State shall designate a national contact point for incoming requests. The powers of the national contact points shall be governed by the applicable national law. Details of technical arrangements for the procedure shall be laid down in the implementing measures as referred to in Article 34.

CHAPTER 3

MAJOR EVENTS

Article 13

Supply of non-personal data

For the prevention of criminal offences and in maintaining public order and security for major events with a cross-border dimension, in particular for sporting events or European Council meetings, Member States shall, both upon request and of their own accord, in compliance with the supplying Member State's national law, supply one another with any non-personal data required for those purposes.

Article 14

Supply of personal data

1. For the prevention of criminal offences and in maintaining public order and security for major events with a cross-border dimension, in particular for sporting events or European Council meetings, Member States shall, both upon request and of their own accord, supply one another with personal data if any final convictions or other circumstances give reason to believe that the data subjects will commit criminal offences at the event or pose a threat to public order and security, in so far as the supply of such data is permitted under the supplying Member State's national law.

2. Personal data may be processed only for the purposes laid down in paragraph 1 and for the specified event for which they were supplied. The data supplied must be deleted without delay once the purposes referred to in paragraph 1 have been achieved or can no longer be achieved. The data supplied must in any event be deleted after not more than a year.

Article 15

National contact point

For the purposes of the supply of data as referred to in Articles 13 and 14, each Member State shall designate a national contact point. The powers of the national contact points shall be governed by the applicable national law.

CHAPTER 4

MEASURES TO PREVENT TERRORIST OFFENCES

Article 16

Supply of information in order to prevent terrorist offences

1. For the prevention of terrorist offences, Member States may, in compliance with national law, in individual cases, even without being requested to do so, supply other Member States' national contact points, as referred to in paragraph 3, with the personal data and information specified in paragraph 2, in so far as is necessary because particular circumstances give reason to believe that the data subjects will commit criminal offences as referred to in Articles 1 to 3 of EU Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism [1].

2. The data to be supplied shall comprise surname, first names, date and place of birth and a description of the circumstances giving rise to the belief referred to in paragraph 1.

[1] OJ L 164, 22.6.2002, p. 3.

3. Each Member State shall designate a national contact point for exchange of information with other Member States' national contact points. The powers of the national contact points shall be governed by the applicable national law.

4. The supplying Member State may, in compliance with national law, impose conditions on the use made of such data and information by the receiving Member State. The receiving Member State shall be bound by any such conditions.

CHAPTER 5

OTHER FORMS OF COOPERATION

Article 17

Joint operations

1. In order to step up police cooperation, the competent authorities designated by the Member States may, in maintaining public order and security and preventing criminal offences, introduce joint patrols and other joint operations in which designated officers or other officials ('officers') from other Member States participate in operations within a Member State's territory.

2. Each Member State may, as a host Member State, in compliance with its own national law, and with the seconding Member State's consent, confer executive powers on the seconding Member States' officers involved in joint operations or, in so far as the host Member State's law permits, allow the seconding Member States' officers to exercise their executive powers in accordance with the seconding Member State's law. Such executive powers may be exercised only under the guidance and, as a rule, in the presence of officers from the host Member State. The seconding Member States' officers shall be subject to the host Member State's national law. The host Member State shall assume responsibility for their actions.

3. Seconding Member States' officers involved in joint operations shall be subject to the instructions given by the host Member State's competent authority.

4. Member States shall submit declarations as referred to in Article 33 in which they lay down the practical aspects of cooperation.

Article 18

Assistance in connection with mass gatherings and serious accidents

Member States' competent authorities shall provide one another with mutual assistance, in compliance with national law, in connection with mass gatherings and similar major events, and serious accidents, by seeking to prevent criminal offences and maintain public order and security by:

(a) notifying one another as promptly as possible of such situations with a cross-border impact and exchanging any relevant information;

(b) taking and coordinating the necessary policing measures within their territory in situations with a cross-border impact;

(c) as far as possible, dispatching officers, specialists and advisers and supplying equipment, at the request of the Member State within whose territory the situation has arisen.

Article 19

Use of arms, ammunition and equipment

1. Officers from a seconding Member State who are involved in a joint operation within another Member State's territory may wear their own national uniforms there. They may carry such arms, ammunition and equipment as they are allowed to under the seconding Member State's national law. The host Member State may prohibit the carrying of particular arms, ammunition or equipment by a seconding Member State's officers.

2. Member States shall submit declarations as referred to in Article 33 in which they list the arms, ammunition and equipment that may be used only in legitimate self-defence or in the defence of others. The host Member State's officer in actual charge of the operation may in individual cases, in compliance with national law, give permission for arms, ammunition and equipment to be used for purposes going beyond those specified in the first sentence. The use of arms, ammunition and equipment shall be governed by the host Member State's law. The competent authorities shall inform one another of the arms, ammunition and equipment permitted and of the conditions for their use.

3. If officers from a Member State make use of vehicles in action under this Decision within another Member State's territory, they shall be subject to the same road traffic regulations as the host Member State's officers, including as regards right of way and any special privileges.

4. Member States shall submit declarations as referred to in Article 33 in which they lay down the practical aspects of the use of arms, ammunition and equipment.

Article 20

Protection and assistance

Member States shall be required to provide other Member States' officers crossing borders with the same protection and assistance in the course of those officers' duties as for their own officers.

Article 21

General rules on civil liability

1. Where officials of a Member State are operating in another Member State, their Member State shall be liable for any damage caused by them during their operations, in accordance with the law of the Member State in whose territory they are operating.

2. The Member State in whose territory the damage referred to in paragraph 1 was caused shall make good such damage under the conditions applicable to damage caused by its own officials.

3. The Member State whose officials have caused damage to any person in the territory of another Member State shall reimburse the latter in full any sums it has paid to the victims or persons entitled on their behalf.

4. Without prejudice to the exercise of its rights vis-à-vis third parties and with the exception of paragraph 3, each Member State shall refrain, in the case provided for in paragraph 1, from requesting reimbursement of damages it has sustained from another Member State.

Article 22

Criminal liability

Officers operating within another Member State's territory under this Decision, shall be treated in the same way as officers of the host Member State with regard to any criminal offences that might be committed by, or against them, save as otherwise provided in another agreement which is binding on the Member States concerned.

Article 23

Employment relationship

Officers operating within another Member State's territory, under this Decision, shall remain subject to the employment law provisions applicable in their own Member State, particularly as regards disciplinary rules.

CHAPTER 6

GENERAL PROVISIONS ON DATA PROTECTION

Article 24

Definitions and scope

1. For the purposes of this Chapter:

(a) 'processing of personal data' shall mean any operation or set of operations which is performed upon personal data, whether or not by automatic means, such as collection, recording, organisation, storage, adaptation or alteration, sorting, retrieval, consultation, use, disclosure by supply, dissemination or otherwise making available, alignment, combination, blocking, erasure or destruction of data. Processing within the meaning of this Decision shall also include notification of whether or not a hit exists;

(b) 'automated search procedure' shall mean direct access to the automated files of another body where the response to the search procedure is fully automated;

(c) 'referencing' shall mean the marking of stored personal data without the aim of limiting their processing in future;

(d) 'blocking' shall mean the marking of stored personal data with the aim of limiting their processing in future.

2. The following provisions shall apply to data which are or have been supplied pursuant to this Decision, save as otherwise provided in the preceding Chapters.

Article 25

Level of data protection

1. As regards the processing of personal data which are or have been supplied pursuant to this Decision, each Member State shall guarantee a level of protection of personal data in its national law at least equal to that resulting from the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data of 28 January 1981 and its Additional Protocol of 8 November 2001 and in doing so, shall take account of Recommendation No R (87) 15 of 17 September 1987 of the Committee of Ministers of the Council of Europe to the Member States regulating the use of personal data in the police sector, also where data are not processed automatically.

2. The supply of personal data provided for under this Decision may not take place until the provisions of this Chapter have been implemented in the national law of the territories of the Member States involved in such supply. The Council shall unanimously decide whether the conditions have been met.

3. Paragraph 2 shall not apply to those Member States where the supply of personal data as provided for in this Decision has already started pursuant to the Treaty of 27 May 2005 between the Kingdom of Belgium, the Federal Republic of Germany, the Kingdom of Spain, the French Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands and the Republic of Austria on the stepping up of cross-border cooperation, in particular in combating terrorism, cross-border crime and illegal migration ('Prüm Treaty').

Article 26

Purpose

1. Processing of personal data by the receiving Member State shall be permitted solely for the purposes for which the data have been supplied in accordance with this Decision. Processing for other purposes shall be permitted solely with the prior authorisation of the Member State administering the file and subject only to the national law of the receiving Member State. Such authorisation may be granted provided that processing for such other purposes is permitted under the national law of the Member State administering the file.

2. Processing of data supplied pursuant to Articles 3, 4 and 9 by the receiving Member State shall be permitted solely in order to:

(a) establish whether the compared DNA profiles or dactyloscopic data match;

(b) prepare and submit a police or judicial request for legal assistance in compliance with national law if those data match;

(c) record within the meaning of Article 30.

The Member State administering the file may process the data supplied to it in accordance with Articles 3, 4 and 9 solely where this is necessary for the purposes of comparison, providing automated replies to searches or recording pursuant to Article 30. The supplied data shall be deleted immediately following data comparison or automated replies to searches unless further processing is necessary for the purposes mentioned under points (b) and (c) of the first subparagraph.

3. Data supplied in accordance with Article 12 may be used by the Member State administering the file solely where this is necessary for the purpose of providing automated replies to search procedures or recording as specified in Article 30. The data supplied shall be deleted immediately following automated replies to searches unless further processing is necessary for recording pursuant to Article 30. The receiving Member State may use data received in a reply solely for the procedure for which the search was made.

Article 27

Competent authorities

Personal data supplied may be processed only by the authorities, bodies and courts with responsibility for a task in furtherance of the aims mentioned in Article 26. In particular, data may be supplied to other entities only with the prior authorisation of the supplying Member State and in compliance with the law of the receiving Member State.

Article 28

Accuracy, current relevance and storage time of data

1. The Member States shall ensure the accuracy and current relevance of personal data. Should it transpire, including from a notification by the data subject or otherwise, that incorrect data or data which should not have been supplied have been supplied, this shall be notified without delay to the receiving Member State or Member States. The Member State or Member States concerned shall be obliged to correct or delete the data. Moreover, personal data supplied shall be corrected if they are found to be incorrect. If the receiving body has reason to believe that the supplied data are incorrect or should be deleted the supplying body shall be informed forthwith.

2. Data, the accuracy of which the data subject contests and the accuracy or inaccuracy of which cannot be established shall, in accordance with the national law of the Member States, be marked with a flag at the request of the data subject. If a flag exists, this may be removed subject to the national law of the Member States and only with the permission of the data subject or based on a decision of the competent court or independent data protection authority.

3. Personal data supplied which should not have been supplied or received shall be deleted. Data which are lawfully supplied and received shall be deleted:

(a) if they are not or no longer necessary for the purpose for which they were supplied; if personal data have been supplied and were not requested, the receiving body shall immediately check if they are necessary for the purposes for which they were supplied;

(b) following the expiry of the maximum period for keeping data laid down in the national law of the supplying Member State where the supplying body informed the receiving body of those maximum periods at the time of supplying the data.

Where there is reason to believe that deletion would prejudice the interests of the data subject, the data shall be blocked instead of being deleted in compliance with national law. Blocked data may be supplied or used solely for the purpose which prevented their deletion.

Article 29

Technical and organisational measures to ensure data protection and data security

1. The supplying and receiving bodies shall take steps to ensure that personal data is effectively protected against accidental or unauthorised destruction, accidental loss, unauthorised access, unauthorised or accidental alteration and unauthorised disclosure.

2. The specific features of the technical specification of the automated search procedure are regulated in the implementing measures as referred to in Article 34 which guarantee that:

(a) state-of-the-art technical measures are taken to ensure data protection and data security, in particular data confidentiality and integrity;

(b) encryption and authorisation procedures recognised by the competent authorities are used when having recourse to generally accessible networks; and

(c) the admissibility of searches in accordance with Article 30 (2), (4) and (5) can be checked.

Article 30

Logging and recording; special rules governing automated and non-automated supply

1. Each Member State shall guarantee that every non-automated supply and every non-automated receipt of personal data by the body administering the file and by the receiving body is logged in order to verify the admissibility of the supply. Logging shall contain the following information:

(a) the reason for the supply;

(b) the data supplied;

(c) the date of the supply; and

(d) the name or reference number of the receiving body and of the body administering the file.

2. The following shall apply to automated searches for data based on Articles 3, 9, 12 and to automated comparison pursuant to Article 4:

(a) Only specially authorised officers of the national contact points may carry out automated searches or comparisons. The list of officers authorised to carry out automated searches or comparisons, shall be made available upon request to the supervisory authorities referred to in paragraph 5 and to the other Member States.

(b) Each Member State shall ensure that each supply and receipt of personal data by the body administering the file and the receiving body is recorded, including notification of whether or not a hit exists. Recording shall include the following information:

 (i) the data supplied;

 (ii) the date and exact time of the supply; and

 (iii) the name or reference number of the receiving body and of the body administering the file.

The receiving body shall also record the reason for the search or supply as well as an identifier for the official who carried out the search and the official who ordered the search or supply.

3. The recording body shall immediately communicate the recorded data upon request to the competent data protection bodies of the relevant Member State at the latest within four weeks following receipt of the request. Recorded data may be used solely for the following purposes:

(a) monitoring data protection;

(b) ensuring data security.

4. The recorded data shall be protected with suitable measures against inappropriate use and other forms of improper use and shall be kept for two years. After the conservation period the recorded data shall be deleted immediately.

5. Responsibility for legal checks on the supply or receipt of personal data lies with the independent data protection authorities of the respective Member States. Anyone can request these bodies to check the lawfulness of the processing of data in respect of their person in compliance with national law. Independently of such requests, these bodies and the bodies responsible for recording shall carry out random checks on the lawfulness of supply, based on the files involved.

The results of such checks shall be kept for inspection for 18 months by the independent data protection authorities. After this period, they shall be immediately deleted. Each data protection body may be requested by the independent data protection authority of another Member State to exercise its powers in accordance with national law. The independent data protection authorities of the Member States shall perform the inspection tasks necessary for mutual cooperation, in particular by exchanging relevant information.

Article 31

Data subjects' rights to information and damages

1. At the request of the data subject under national law, information shall be supplied in compliance with national law to the data subject upon production of proof of his identity, without unreasonable expense, in general comprehensible terms and without unacceptable delays, on the data processed in respect of his person, the origin of the data, the recipient or groups of recipients, the intended purpose of the processing and the legal basis for the processing. Moreover, the data subject shall be entitled to have inaccurate data corrected and unlawfully processed data deleted. The Member States shall also ensure that, in the event of violation of his rights in relation to data protection, the data subject shall be able to lodge an effective complaint to an independent court or a tribunal within the meaning of Article 6(1) of the European Convention on Human Rights or an independent supervisory authority within the meaning of Article 28 of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (1) and that he is given the possibility to claim for damages or to seek another form of legal compensation. The detailed rules for the procedure to assert these rights and the reasons for limiting the right of access shall be governed by the relevant national legal provisions of the Member State where the data subject asserts his rights.

(1) OJ L 281, 23.11.1995, p. 31. Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

2. Where a body of one Member State has supplied personal data under this Decision, the receiving body of the other Member State cannot use the inaccuracy of the data supplied as grounds to evade its liability vis-à-vis the injured party under national law. If damages are awarded against the receiving body because of its use of inaccurate transfer data, the body which supplied the data shall refund the amount paid in damages to the receiving body in full.

Article 32

Information requested by the Member States

The receiving Member State shall inform the supplying Member State of the processing of supplied data and the result obtained.

CHAPTER 7

IMPLEMENTING AND FINAL PROVISIONS

Article 33

Declarations

1. For the purpose of the implementation of this Decision, each Member State shall submit declarations to the General Secretariat of the Council when transmitting the text of the provisions transposing into its national law the obligations imposed on it under this Decision as referred to in Article 37 (2).

2. Declarations submitted in accordance with paragraph 1 may be amended at any time by means of a declaration submitted to the General Secretariat of the Council. The General Secretariat of the Council shall forward any declarations received to the Member States and the Commission.

Article 34

Implementing measures

The Council shall adopt measures necessary to implement this Decision at the level of the Union in accordance with the procedure laid down in the second sentence of Article 34(2)(c) of the EU Treaty.

Article 35

Costs

Each Member State shall bear the operational costs incurred by its own authorities in connection with the implementation of this Decision. In special cases, the Member States concerned may agree on different arrangements.

Article 36

Relationship with other instruments

1. Member States may continue to apply bilateral or multilateral agreements or arrangements which concern the scope of this Decision and are in force on the date it is adopted in so far as such agreements or arrangements provide for the objectives of this Decision to be extended or enlarged. For the Member States concerned, the relevant provisions of this Decision shall be applied instead of provisions concerning the scope of this Decision contained in the Prüm Treaty. Any Article or any part of an Article of the Prüm Treaty with regard to which no provision of this Decision is applied instead of the Prüm Treaty shall remain applicable between the contracting parties of the Prüm Treaty.

2. Member States may conclude or bring into force bilateral or multilateral agreements or arrangements which concern the scope of this Decision after it has entered into force in so far as such agreements or arrangements provide for the objectives of this Decision to be extended or enlarged.

3. The agreements and arrangements referred to in paragraphs 1 and 2 may not affect relations with Member States which are not parties thereto.

4. Within [… years] of this Decision taking effect Member States shall inform the Council and the Commission of existing agreements or arrangements within the meaning of paragraph 1 which they wish to continue to apply.

5. Member States shall also inform the Council and the Commission of all new agreements or arrangements within the meaning of paragraph 2 within 3 months of their signing or, in the case of instruments which were signed before adoption of this Decision, within three months of their entry into force.

6. Nothing in this Decision shall affect bilateral or multilateral agreements or arrangements between Member States and third countries.

Article 37

Implementation

1. Member States shall take the necessary measures to comply with the provisions of this Decision within [… years] of this Decision taking effect.

2. Member States shall transmit to the General Secretariat of the Council and the Commission the text of the provisions transposing into their national law the obligations imposed on them under this Decision. When doing so, each Member State may indicate that it will apply immediately this Decision in its relations with those Member States which have given the same notification.

3. On the basis of this and other information made available by Member States on request, the Commission shall submit a report to the Council by [at the latest after three years after taking effect] on the implementation of this Decision and proposals for any further development.

Article 38

Application

This Decision shall take effect [… days] following its publication in the *Official Journal of the European Union*.

Done at Brussels, on …

For the Council

The President

IV

(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS AND BODIES

COMMISSION

Euro exchange rates ([1])

27 March 2007

(2007/C 71/14)

1 euro =

	Currency	Exchange rate		Currency	Exchange rate
USD	US dollar	1,3347	RON	Romanian leu	3,3618
JPY	Japanese yen	157,91	SKK	Slovak koruna	33,591
DKK	Danish krone	7,4504	TRY	Turkish lira	1,8538
GBP	Pound sterling	0,67900	AUD	Australian dollar	1,6490
SEK	Swedish krona	9,3182	CAD	Canadian dollar	1,5429
CHF	Swiss franc	1,6211	HKD	Hong Kong dollar	10,4288
ISK	Iceland króna	88,28	NZD	New Zealand dollar	1,8579
NOK	Norwegian krone	8,1270	SGD	Singapore dollar	2,0242
BGN	Bulgarian lev	1,9558	KRW	South Korean won	1 255,62
CYP	Cyprus pound	0,5805	ZAR	South African rand	9,6829
CZK	Czech koruna	27,986	CNY	Chinese yuan renminbi	10,3218
EEK	Estonian kroon	15,6466	HRK	Croatian kuna	7,3765
HUF	Hungarian forint	247,56	IDR	Indonesian rupiah	12 173,13
LTL	Lithuanian litas	3,4528	MYR	Malaysian ringgit	4,6054
LVL	Latvian lats	0,7097	PHP	Philippine peso	64,079
MTL	Maltese lira	0,4293	RUB	Russian rouble	34,6960
PLN	Polish zloty	3,8705	THB	Thai baht	43,200

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

NOTICES FROM MEMBER STATES

Information communicated by Member States regarding State aid granted under Commission Regulation (EC) No 68/2001 on the application of Articles 87 and 88 of the EC Treaty to training aid

(Text with EEA relevance)

(2007/C 71/15)

Reference number of the aid	XT 8/07
Member State	Austria
Region	Kärnten
Title (and/or name of the beneficiary)	Richtlinie Forschung, Technologieentwicklung und Innovation (FTI)
Legal basis	Kärntner Wirtschaftsförderungsgesetz in der Fassung LGBl 59/2006 Allgemeine Geschäftsbedingungen des KWF (AGB)
Type of measure	Aid scheme
Budget	Annual budget: EUR 8,3 million; Overall budget: —
Maximum aid intensity	In conformity with Article 4(2)-(7) of the Regulation
Date of implementation	18.1.2007
Duration	30.6.2008
Objective	General training
	Specific training
Economic sectors	All sectors eligible for training aid
Name and address of the granting authority	Kärntner Wirtschaftsförderungs Fonds Heuplatz 2 A-9020 Klagenfurt

Reference number of the aid	XT 9/07
Member State	Austria
Region	Kärnten
Title (and/or name of the beneficiary)	Richtlinie Unternehmens- und Projektentwicklung
Legal basis	Kärntner Wirtschaftsförderungsgesetz in der Fassung LGBl 59/2006 Allgemeine Geschäftsbedingungen des KWF (AGB)
Type of measure	Aid scheme
Budget	Annual budget: EUR 3,17 million; Overall budget: —

Maximum aid intensity	In conformity with Article 4(2)-(7) of the Regulation
Date of implementation	18.1.2007
Duration	30.6.2008
Objective	General training
	Specific training
Economic sectors	All sectors eligible for training aid
Name and address of the granting authority	Kärntner Wirtschaftsförderungs Fonds Heuplatz 2 A-9020 Klagenfurt

Reference number of the aid	XT 17/07
Member State	Austria
Region	Steiermark
Title (and/or name of the beneficiary)	Basierend auf dem Punkt 5.2 der Richtlinie für die Steirische Wirtschaftsförderung (eingereicht zur Notifizierung bei der EK am 29.8.2006; N 572/06): — Aktionsprogramm Qualifizierung von Fach-, Schlüssel- und Führungskräften in kleinsten, kleinen und mittleren Unternehmen (KMU) — Aktionsprogramm Qualifizierung in Netzwerken — Aktionsprogramm Triality
Legal basis	Steiermärkisches Wirtschaftsförderungsgesetz LGBL. Nr. 14/2002 in der geltenden Fassung: Allgemeine Rahmenrichtlinie für die Gewährung von Förderungen nach dem Steiermärkischen Wirtschaftsförderungsgesetz (Beschluss der Steiermärkischen Landesregierung vom 15.5.2000, GZ LBDWIP 13 Fo 7-00/46 Richtlinie für die Steirische Wirtschaftsförderung (eingereicht zur Notifizierung bei der EK am 29.8.2006; N 572/06)
Type of measure	Aid scheme
Budget	Annual budget: EUR 8 million; Overall budget: —
Maximum aid intensity	In conformity with Article 4(2)-(7) of the Regulation
Date of implementation	31.1.2007
Duration	30.6.2008
Objective	General training, Specific training
Economic sectors	Agriculture, Other manufacturing, All services, Other transport services, Financial services, Other services
Name and address of the granting authority	Steirische Wirtschaftsförderungsges.m.b.H. Nikolaiplatz 2 A-8020 Graz annemarie.goetschl@sfg.at erich.steiner@sfg.at (34-316) 70 93-114 bzw. DW 115

Information communicated by Member States regarding State aid granted under Commission Regulation (EC) No 70/2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises

(Text with EEA relevance)

(2007/C 71/16)

Aid No	XS 4/07
Member State	Poland
Region	Terytorium całego kraju
Title of aid scheme or name of company receiving individual aid	Wsparcie dla przedsiębiorstw dokonujących nowych inwestycji (SPO WKP 2.2.1)
Legal basis	Rozdział 3a rozporządzenia Ministra Gospodarki i pracy z dnia 27 sierpnia 2004 r. w sprawie udzielania przez Polską Agencję Rozwoju Przedsiębiorczości pomocy finansowej w ramach Sektorowego Programu Operacyjnego — Wzrost konkurencyjności przedsiębiorstw (Dz.U. z 2004 r., nr 195, poz. 2010 z 7 września 2004 r. z późn. zm.) Ustawa z dnia 9 listopada 2000 r. o utworzeniu Polskiej Agencji Rozwoju Przedsiębiorczości (Dz.U. nr 109, poz. 1158 z późn. zm.)
Type of measure	Aid scheme
Budget	Annual budget: EUR 174,8 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	15.11.2006
Duration	30.6.2008
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Prezes Polskiej Agencji Rozwoju Przedsiębiorczości ul. Pańska 81/83 PL-00-834 Warszawa

Aid No	XS 7/07
Member State	Italy
Region	Toscana
Title of aid scheme or name of company receiving individual aid	Piano regionale dello sviluppo economico — Azione C «Sostegno dello sviluppo precompetitivo delle pmi industriali»
Legal basis	Deliberazione C. R. n. 64 del 22.6.2004 Deliberazione C. R. n. 137 del 21.12.2005 Decreto n. 5273 del 27.10.2006
Type of measure	Aid scheme
Budget	Annual budget: EUR 25 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation

Date of implementation	1.12.2006
Duration	30.6.2007
Objective	Small and medium-sized enterprises
Economic sectors	All manufacturing, Other services
Name and address of the granting authority	Regione Toscana Via di Novoli, 26 I-50127 Firenze

Aid No	XS 10/07
Member State	Italy
Region	Regione Liguria
Title of aid scheme or name of company receiving individual aid	Agevolazioni per investimenti per l'innovazione tecnologica e per la tutela ambientale
Legal basis	Deliberazione della Giunta regionale n. 1632 del 2.12.2006, concernente la modifica del Regolamento per la concessione delle agevolazioni previste dall'art. 11 della legge 27.10.1994, n. 598
Type of measure	Aid scheme
Budget	Annual budget: EUR 0,6 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	2.1.2007
Duration	30.6.2008
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Regione Liguria Assessorato allo Sviluppo economico, Industria, Commercio, Commercio equo e solidale, Artigianato Dipartimento Sviluppo Economico e Politiche dell'Occupazione Via Fieschi 15 I-16121 Genova

Aid No	XS 16/07
Member State	Austria
Region	NUTS II Region Steiermark
Title of aid scheme or name of company receiving individual aid	Innovationsprogramm des Landes Steiermark für die Tourismuswirtschaft 2007-2013
Legal basis	Steiermärkisches Tourismusgesetz 1992 i.d.F. vom 19.11.2002 sowie Richtlinie „Innovationsprogramm des Landes Steiermark für die Tourismuswirtschaft 2007-2013" (RSB vom 6.11.2006, GZ: FA12A-48.1.1.2006-2)
Type of measure	Aid scheme
Budget	Annual budget: EUR 1,8 million; Overall budget: —

Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	1.1.2007
Duration	30.6.2008
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Amt der Steiermärkischen Landesregierung, Fachabteilung 12A gewerbliche Tourismus- und Innovationsförderung Radetzkystraße 3 A-8010 Graz

Aid No	XS 18/07
Member State	Spain
Region	Castilla y León
Title of aid scheme or name of company receiving individual aid	Subvenciones para la adquisición de maquinaria para valorización energética de biomasa forestal
Legal basis	Orden MAM/1861/2006, de 20 de noviembre, por la que se establecen las bases reguladoras de la concesión de subvenciones para la adquisición de maquinaria para la valorización energética de biomasa forestal. Orden MAM/1886/2006, de 22 de noviembre, por la que se convocan subvenciones para la adquisición de maquinaria para valorización energética de biomasa forestal (código reay med 012).
Type of measure	Aid scheme
Budget	Annual budget: EUR 0,5 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	22.11.2006
Duration	31.12.2007
Objective	Small and medium-sized enterprises
Economic sectors	Other manufacturing (Forestry)
Name and address of the granting authority	Consejería de Medio Ambiente C/ Rigoberto Cortejoso, 14 E-47014 Valladolid

Aid No	XS 20/07
Member State	Italy
Region	Regione Veneto
Title of aid scheme or name of company receiving individual aid	Agevolazioni per l'acquisto o il leasing di nuove macchine utensili o di produzione — Legge 28.11.1965, n. 1329
Legal basis	Deliberazione della Giunta Regionale n. 4347 del 28.12.2006
Type of measure	Aid scheme

Budget	Annual budget: EUR 4 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6), 5 and 6 of the Regulation
Date of implementation	1.1.2007
Duration	30.6.2008
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Regione Veneto Assessorato alle Politiche dell'economia, dello sviluppo, della ricerca e dell'innovazione, delle politiche istituzionali — Direzione Industria Corso del Popolo, 14 I–30172 Venezia-Mestre Tel. (39-041) 279 58 10 — Fax (39-041) 279 58 08 e-mail: dir.industria@regione.veneto.it

Information communicated by Member States regarding State aid granted under Commission Regulation (EC) No 70/2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises

(Text with EEA relevance)

(2007/C 71/17)

Aid No	XS 189/06
Member State	Denmark
Region	NUTSIII-Kode: 007, Bornholm
Title of aid scheme or name of company receiving individual aid	Bornholms Erhvervsfond
Legal basis	Aktstykke 155 fra Handelsministeriet af 17/12 1971, godkendt 12/1 1972 Aktstykke 365 fra Industriministeriet af 15/6 1993, godkendt 23/6 1993
Type of measure	Aid scheme
Budget	Annual budget: EUR 0,0398 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	1.1.2007
Duration	—
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Bornholms Erhvervsfond Ullasvej 15 DK-3700 Rønne (45) 56 95 73 00 info@bect.dk http://www.bornholm.biz/raadgivning/bornholms_erhvervsfond.html

Aid No	XS 67/07
Member State	Czech Republic
Region	Česká republika
Title of aid scheme or name of company receiving individual aid	Příspěvek na poradenské služby poskytnuté v souvislosti se získáním certifikátu podle norem EN ISO 9001:2000 nebo EN ISO 14001:2004 nebo zavedení systému environmentálního managementu v souladu s požadavky Programu EMAS – program CERTIFIKACE
Legal basis	Zákon č. 47/2002 Sb., o podpoře malého a středního podnikání
Type of measure	Aid scheme
Budget	Annual budget: EUR 7,64 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	1.3.2007

Duration	31.12.2007
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Českomoravská záruční a rozvojová banka, a.s. Jeruzalémská 4 CZ-110 00 Praha 1

Aid No	XS 68/07
Member State	Czech Republic
Region	Česká republika
Title of aid scheme or name of company receiving individual aid	Dotace na designérské poradenské služby a na poradenské služby na vytvoření autorského díla externích konzultantů v programu DESIGN
Legal basis	Zákon č. 47/2002 Sb., o podpoře malého a středního podnikání
Type of measure	Aid scheme
Budget	Annual budget: EUR 0,36 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	2.1.2007
Duration	31.12.2007
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Ministerstvo průmyslu a obchodu Na Františku 32 CZ-110 15 Praha 1

Aid No	XS 69/07
Member State	Czech Republic
Region	Česká republika
Title of aid scheme or name of company receiving individual aid	Dotace na marketingové informace, marketingové propagační materiály a na účast na výstavách a veletrzích v zahraničí v programu ALIANCE
Legal basis	Zákon č. 47/2002 Sb., o podpoře malého a středního podnikání
Type of measure	Aid scheme
Budget	Annual budget: EUR 0,36 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	2.1.2007

Duration	31.12.2007
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Ministerstvo průmyslu a obchodu Na Františku 32 CZ-110 15 Praha 1

Aid No	XS 70/07
Member State	Czech Republic
Region	Česká republika
Title of aid scheme or name of company receiving individual aid	Příspěvek formou dotace na účast malých a středních podnikatelů v České republice při přípravě projektů do 7. rámcového programu EU výzkumu, technického rozvoje a demonstrací
Legal basis	Zákon č. 47/2002 Sb., o podpoře malého a středního podnikání
Type of measure	Aid scheme
Budget	Annual budget: EUR 0,182 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	2.1.2007
Duration	15.12.2007
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Ministerstvo průmyslu a obchodu Na Františku 32 CZ-110 15 Praha 1

Aid No	XS 80/07
Member State	Hungary
Region	Nyugat-Dunántúl
Title of aid scheme or name of company receiving individual aid	Zalaegerszeg vállalkozásfejlesztési és befektetés-támogató programja
Legal basis	Zalaegerszeg Megyei Jogú Város Közgyűlése 4/2007. (II.09.) sz. önkormányzati rendelete Zalaegerszeg vállalkozásfejlesztési és befektetés-támogató programjáról
Type of measure	Aid scheme
Budget	Annual budget: HUF 0,8 million; Overall budget: —
Maximum aid intensity	In conformity with Articles 4(2)-(6) and 5 of the Regulation
Date of implementation	9.2.2007

Duration	30.6.2008
Objective	Small and medium-sized enterprises
Economic sectors	All sectors eligible for aid to SMEs
Name and address of the granting authority	Zalaegerszeg Megyei Jogú Város Önkormányzata Kossuth u. 17-19. H-8900 Zalaegerszeg

Summary information communicated by Member States on State aid granted under Commission Regulation (EC) No 1/2004 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises active in the production, processing and marketing of agricultural products

(2007/C 71/18)

XA Number: XA 101/06

Member State: Netherlands

Region: Provincie Limburg

Title of aid scheme or name of company receiving individual aid: Stichting Administratiekantoor Aandelen KnowHouse.

Legal basis:

Algemene subsidieverordening 2004

Nadere subsidieregels ontwikkeling landelijk gebied

Annual expenditure planned under the scheme or overall amount of individual aid granted to the company.: A single contribution by the Province of EUR 191 000. An advance may be granted up to a maximum of 80 %. The accounts will be finally settled in 2007 at the latest.

Maximum aid intensity: The total costs are estimated at EUR 382 000. Of those, the subsidy amount granted is EUR 191 000. This amount is lower than the permitted aid of EUR 100 000 or 50 % of the eligible costs if that is more, per three-year period per beneficiary. Concerning consultancy services, the fees for services which do not constitute a periodic activity nor relate to the enterprise's usual operating expenditure, such as routine tax consultancy services, regular legal services, or advertising. This is in accordance with Article 14(1), (2)(c) and (3) of Regulation (EC) No 1/2004.

In anticipation of the new exemption regulation for agriculture, 100 % aid may be granted in relation to consultancy services provided by third parties, the fees for services which do not constitute a continuous or periodic activity nor relate to the enterprise's usual operating expenditure. Since the aid is granted to the producer via KnowHouse B.V. in the form of subsidised services, it complies with the requirement that aid must not be in the form of direct financial payments to the producer.

Date of implementation: The decision granting subsidy will be issued within four weeks following the EU's confirmation of receipt of this notification.

Duration of scheme or individual aid award: From November 2006 to 1 December 2009 (settlement will be sooner, but projects may continue until 1 December 2009).

Objective of aid: The aid relates to answering know-how questions and supporting development projects which are necessary for an innovation process, in addition to which company know-how questions will be answered.

The target group for this aid comprises all agricultural enterprises and organisations which embark on an innovative course whose main economic effect is on Limburg. All subprojects aimed at increasing production are excluded. Within the framework of Article 14(2)(c), this consultancy service for agricultural enterprises is a service which does not constitute a continuous or periodic activity nor relate to the enterprise's usual operating expenditure.

Economic sector(s) concerned: The aid is applicable to small and medium-sized agricultural enterprises which are active in the primary production of agricultural products.

Name and address of the granting authority:

Provincie Limburg
Limburglaan 10
Postbus 5700
6202 MA Maastricht
Nederland

Website: www.limburg.nl

XA number: XA 114/06

Member State: Poland

Region: Województwo śląskie

Title of aid scheme or name of company receiving an individual aid: Rolnicza Spółdzielnia Produkcyjna w Raciborzu

Legal basis: Ustawa dnia 27 kwietnia 2001 r. Prawo ochrony środowiska (Dz.U. nr 62, poz. 627, z późniejszymi zmianami) — art. 405, art. 406 pkt 7 i 9, art. 409

Annual expenditure planned or overall amount of individual aid granted to the company: The aid is granted as a soft loan not exceeding PLN 53 016. The loan will be paid out until 15 December 2006. The loan will be repaid in the period from January 2008 to October 2013. The gross value of the aid (gross grant equivalent) is PLN 4 812,6.

Maximum aid intensity: The gross aid intensity is 6,35 %.

Date of application: Following confirmation, by means of a notification and an identification number, that the European Commission has received this summary information on the individual aid in question.

Duration of scheme or individual aid award: Estimated — from November 2006 to October 2013.

Objectives of aid: The aid is intended for the thermal modernisation of the buildings (pigsty, workshop and office buildings) of Rolnicza Spółdzielnia Produkcyjna w Raciborzu by means of:

a) heat source modernisation — removal of a solid fuel-fired boiler located in the workshop building (supplying three buildings) and installation of low-emission coal-fired boilers in the pigsty and workshop buildings and a gas-fired boiler in the office building,

b) modernisation of the internal central heating installation in the workshop and office buildings

The aid will be granted under Article 4 of Regulation (EC) No 1/2004 for an investment to modernise heat sources and central heating installations at Rolnicza Spółdzielnia Produkcyjna w Raciborzu. The eligible costs will include investment costs related to the construction and modernisation of heat sources and central heating installations.

Sector(s) concerned: The aid is granted to an operator active in the cultivation of cereals and pig farming.

Name and address of the granting authority: The aid is granted from the Wojewódzki Fundusz Ochrony Środowiska i Gospodarki Wodnej w Katowicach (Voivodship Fund for the Protection of the Environment and Water Management in Katowice), ulica Plebiscytowa 19, 40-035 Katowice.

Web address: www.wfosigw.katowice.pl

Other information: The gross amount of aid (gross aid intensity) has been calculated in accordance with the definition laid down in Article 2(5) of Commission Regulation (EC) No 1/2004 of 23 December 2003 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises active in the production, processing and marketing of agricultural products. This is the ratio of the gross grant equivalent to the eligible costs attracting assistance.

The gross grant equivalent resulting from the soft loan has been calculated in accordance with the Regulation of the Council of Ministers of 11 August 2004 on the method of calculating the value of State aid granted in various forms (Journal of Laws No 194, item 1983). The gross grant equivalent is PLN 4 812,6.

Eligible costs attracting assistance: PLN 75 738.

Gross amount of aid = PLN 4 812,6/75 738 = 6,35 %.

XA Number: XA 5/07

Member State: France

Region: Département de la Vendée

Title of aid scheme: Aid for environmental investment on agricultural holdings (oil presses)

Legal basis:

— Article 4(3)(d) of Commission Regulation (EC) No 1/2004.

— Articles L 1511-2 et L 1511-5 du code général des collectivités territoriales

— Convention-cadre entre le Département de la Vendée et l'État du 24 octobre 2006

Annual expenditure planned under the scheme: EUR 45 000

Maximum aid intensity: 30 % of an amount limited to EUR15 000 per oil press.

Date of implementation: As soon as acknowledgement of receipt is received from the Commission.

Duration of scheme: Five years from when the Commission acknowledges receipt.

Objective of aid: Aid for the acquisition, during 2006 and 2007, of pure vegetable oil presses will make it possible to promote using this oil instead of diesel oil.

The aid is intended for the following beneficiaries:

— groups of farmers,

— cooperatives comprising users of agricultural materials.

A precondition is that the beneficiaries must be economically viable.

The amount of support provided will firstly be determined, for each operation, on the basis of the estimated cost stated when the application is submitted.

The actual aid will be determined when receipted invoices are submitted. The Department will be able to carry out document and on-the-spot checks.

If the actual purchase cost is less than the estimated cost stated when submitting the file to the standing committee, the aid will be reduced in proportion to the actual expenditure. In the opposite case, the support will not be increased.

The beneficiary of the support must undertake to use the Department's support, from when the decision is notified, for the specific purpose for which it has been allocated and to submit, each year for three years, a technical report on the operation of the oil press.

The decision awarding support must precede implementation of the project. Otherwise the application for support will be inadmissible.

The Department's support will be automatically cancelled by the standing committee if there is no response to notice being served, and it will be possible to demand immediate repayment if the beneficiary does not furnish the supporting documents requested. The Department will also be able to call for the support to be paid back if the nature or purpose of the expenditure is not in accordance with the award criteria.

Any decision to grant support will be invalidated if the equipment is not purchased within two years from when the decision is notified. The support will therefore be cancelled automatically.

By way of exception and with the agreement of the regional council's standing committee, however, it will be possible to extend the validity by a maximum of one year for purchasing the equipment, provided that the beneficiary is not responsible for the delay and that the request for extension is submitted with supporting documents two months before expiry of the support's initial period of validity.

Sector(s) concerned: All polyvalent holdings, via the following structures:

— groups of farmers;

— cooperatives comprising users of agricultural materials.

Name and address of the granting authority:

Address for correspondence:

Conseil Général de la Vendée
Direction de l'Environnement et de l'Aménagement
Service Agriculture et Pêche
40, rue Maréchal Foch
F-85923 LA ROCHE SUR YON CEDEX 9

Web address: www.vendee.fr (general Department site) or www.agricuture@vendee.fr

The description will be put on line subject to the European Commission registering this exemption sheet.

Publication of decisions by Member States to grant or revoke operating licenses pursuant to Article 13(4) of Council Regulation (EEC) No 2407/92 on licensing of air carriers [1] [2]

(Text with EEA relevance)

(2007/C 71/19)

GREECE

Operating licences granted

Category A: Operating licences without the restriction of Article 5(7)(a) of Regulation (EEC) No 2407/92

Name of air carrier	Address of air carrier	Permitted to carry	Decision effective since
HELLENIC IMPERIAL AIRWAYS SA	Vouliagmenis Avenue 102 & Ermou GR-16777 Hellinikon	passengers, mail, cargo	22.1.2007

Category B: Operating licences including the restriction of Article 5(7)(a) of Regulation (EEC) No 2407/92

Name of air carrier	Address of air carrier	Permitted to carry	Decision effective since
SWIFTAIR HELLAS AE	5th km Spata — Loutsa Avenue — Athens International Airport — Building 17 GR-19019 Spata	passengers, mail, cargo	29.1.2007

AUSTRIA

Operating licences granted

Category B: Operating licences including the restriction of Article 5(7)(a) of Regulation (EEC) No 2407/92

Name of air carrier	Address of air carrier	Permitted to carry	Decision effective since
BRAUNEGG LUFTTAXI GmbH	Naglergasse 11 A-1010 Wien	passengers, mail, cargo	28.2.2007

Operating licences revoked

Category B: Operating licences including the restriction of Article 5(7)(a) of Regulation (EEC) No 2407/92

Name of air carrier	Address of air carrier	Permitted to carry	Decision effective since
BRAUNEGG LUFTTAXI GmbH	Obere Donaustr. 37 A-1020 Wien	passengers, mail, cargo	28.2.2007

(1) OJ L 240, 24.8.1992, p. 1.
(2) Communicated to the European Commission before 31.8.2005

V

(Announcements)

ADMINISTRATIVE PROCEDURES

COMMISSION

Call for proposals for modal shift, catalyst, motorways of the sea, traffic avoidance and common learning actions under the second Marco Polo Programme (European Parliament and Council Regulation (EC) No 1692/2006 (OJ L 328, 24.11.2006, p. 1)).

(2007/C 71/20)

The European Commission is hereby launching a call for proposals for the selection procedure 2007 under the second Marco Polo Programme. The call is closing on 4.6.2007.

Information on the modalities of the call and guidance to proposers on how to submit projects, is available at the following Website:

http://ec.europa.eu/transport/marcopolo/guide_proposers/index_en.htm

The helpdesk of the Marco Polo Programme can be reached via e-mail tren-tren-marco-polo@ec.europa.eu and fax: (32-2) 296 37 65.

PROCEDURES RELATING TO THE IMPLEMENTATION OF THE COMPETITION POLICY

COMMISSION

Prior notification of a concentration

(Case COMP/M.4614 — ED&F Man/Bromacom)

Candidate case for simplified procedure

(Text with EEA relevance)

(2007/C 71/21)

1. On 20 March 2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 [1] by which ED&F Man Group ('ED&F Man', United Kingdom) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of NV Bromacom ('Bromacom' The Netherlands) by way of purchase of shares.

2. The business activities of the undertakings concerned are:

— for undertaking ED&F Man: commodities trader of cocoa, sugar, coffee, bio-energy products etc;

— for undertaking Bromacom: cocoa trader.

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 ((32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M.4614 — ED&F Man/Bromacom, to the following address:

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

[1] OJ L 24, 29.1.2004, p. 1.
[2] OJ C 56, 5.3.2005, p. 32.

Prior notification of a concentration

(Case COMP/M.4334 — Owens Corning/Saint Gobain Vetrotex/JV)

(Text with EEA relevance)

(2007/C 71/22)

1. On 19 March 2007, 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 Owens Corning ('OC', USA) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the glass fiber reinforcement and composite fabrics activities of Compagnie de Saint Gobain by way of purchase of shares in a newly created company constituting a joint venture, Owens Corning-Vetrotex Reinforcements ('OCVR').

2. The business activities of the undertakings concerned are:

— for Owens Corning: production and sale of building materials and glass fiber reinforcements;

— for OCVR: production and sale of glass fiber reinforcements and composite fabrics.

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.

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 ((32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M.4334 — Owens Corning/Saint Gobain Vetrotex/JV, to the following address:

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

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

Prior notification of a concentration

(Case COMP/M.4536 — Magneti Marelli/Concordia)

Candidate case for simplified procedure

(Text with EEA relevance)

(2007/C 71/23)

1. On 16 March 2007, the Commission received a notification of a proposed concentration pursuant to Article 4 and following a referral pursuant to Article 4(5) of Council Regulation (EC) No 139/2004 ([1]) by which the undertaking Magneti Marelli Holding S.p.A. ('Magneti Marelli', Italy) belonging to the Fiat group, acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertaking Concordia Finance S.A. ('Concordia', Luxembourg) by way of purchase of shares.

2. The business activities of the undertakings concerned are:

— for Magneti Marelli: production of high-tech components and systems for the automotive industry;

— for Concordia: distribution of spare parts in the independent aftermarket segment of the automotive market.

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 ((32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M.4536 — Magneti Marelli/Concordia, to the following address:

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

([1]) OJ L 24, 29.1.2004, p. 1.
([2]) OJ C 56, 5.3.2005, p. 32.