ISSN 1725-2423

Official Journal of the European Union

C 210

English edition

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16 July 2011

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I

(Resolutions, recommendations and opinions)

RECOMMENDATIONS

COUNCIL

COUNCIL RECOMMENDATION

of 12 July 2011

on the national reform programme 2011 of Lithuania and delivering a Council opinion on the updated convergence programme of Lithuania, 2011-2014

(2011/C 210/01)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,

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 European Commission,

Having regard to the conclusions of the European Council,

Having regard to the opinion of the Employment Committee,

After consulting the Economic and Financial Committee,

Whereas:

(1) On 26 March 2010, the European Council agreed to the Commission's proposal to launch a new strategy for jobs and growth, Europe 2020, based on enhanced coordination of economic policies, which will focus on the key areas where action is needed to boost Europe's potential for sustainable growth and competitiveness.

(2) On 13 July 2010, the Council adopted a recommendation on the broad guidelines for the economic policies of the Member States and the Union (2010 to 2014) and, on 21 October 2010, adopted a decision on guidelines for the employment policies of the Member States [2], which together form the 'integrated guidelines'. Member States were invited to take the integrated guidelines into account in their national economic and employment policies.

(3) On 12 January 2011, the Commission adopted the first Annual Growth Survey, marking the start of a new cycle of economic governance in the EU and the first European semester of *ex-ante* and integrated policy coordination, which is anchored in the Europe 2020 strategy.

(4) On 25 March 2011, the European Council endorsed the priorities for fiscal consolidation and structural reform (in line with the Council's conclusions of 15 February and 7 March 2011 and further to the Commission's Annual Growth Survey). It underscored the need to give priority to restoring sound budgets and fiscal sustainability, reducing unemployment through labour market reforms and making new efforts to enhance growth. It requested Member States to translate these priorities into concrete measures to be included in their stability or convergence programmes and national reform programmes.

[1] OJ L 209, 2.8.1997, p. 1.

[2] Maintained for 2011 by Council Decision 2011/308/EU of 19 May 2011 on guidelines for the employment policies of the Member States (OJ L 138, 26.5.2011, p. 56).

(5) On 25 March 2011, the European Council also invited the Member States participating in the Euro Plus Pact to present their commitments in time to be included in their stability or convergence programmes and their national reform programmes.

(6) On 28 April 2011, Lithuania submitted its 2011 convergence programme update covering the period 2011-2014 and its 2011 national reform programme. In order to take account of the interlinkages, the two programmes have been assessed at the same time.

(7) The Lithuanian economy is recovering from a severe economic crisis, during which GDP contracted by 17 % from peak to trough as the collapse in domestic demand was amplified by a slump in global trade. The labour market reacted rapidly to the crisis, and unemployment rose to a record high, peaking at 18,3 % by mid-2010 from as low as 4,2 % at the beginning of 2008. A strong commitment to the currency board arrangement, underpinned by substantial fiscal consolidation alongside adjustment in private sector wages and measures aimed at strengthening financial system stability, helped stabilise the economy. As the global economy recovered, and the economy benefitted from regained competitiveness, exports surged and economic growth resumed in 2010. In 2011, the recovery is gathering pace as domestic demand picks up. However, even though unemployment is expected to decline at a rapid pace, it will remain at double-digit level.

(8) Based on the assessment of the updated convergence programme pursuant to Regulation (EC) No 1466/97, the Council is of the opinion that the macroeconomic scenario underlying the 2011 convergence programme is plausible although economic growth and inflation may turn out higher than currently projected. While based on somewhat more favourable growth assumptions for 2011, it is broadly in line with the latest Commission forecast for 2012. The convergence programme plans to bring the deficit below the 3 % reference value by 2012, the deadline set by the Council, but is not sufficiently underpinned by measures for 2012. The accelerating economic momentum may lead to better 2011 budgetary outcomes than expected in the convergence programme. However, if temporary consolidation measures that will expire at the end of 2011 are not renewed and complemented by sizable permanent measures, the convergence programme's budgetary targets for 2012 risk not being met despite the improving macroeconomic outlook. The average annual fiscal effort over the period of 2010-2012 is well below the 2,25 % of GDP recommended by the Council under the excessive deficit procedure (EDP) adopted on 16 February 2010. As economic growth and tax revenues are substantially stronger than expected at the time of the Council EDP Recommendation of 16 February 2010, implementation of the required fiscal effort should allow for faster deficit reduction and progress towards the medium-term objective (MTO). The MTO of a structural surplus of 0,5 % of GDP is not foreseen to be achieved within the convergence programme period.

(9) In view of the sizable adjustment required to meet the 2012 EDP target and make progress towards the MTO, and the need to secure the necessary co-financing in order to frontload the absorption of EU structural funds and increase productive investment in the economy, identifying further consolidation measures will be a challenge. Improvements in public sector efficiency could create additional room for expenditure adjustments without compromising the quality of public services. In the absence of further reform, age-related expenditure will increase at a rate above the EU average over the next few decades. In June 2010, the government approved the broad outline of a comprehensive social security and pension system reform. The proposal included significant increases in the pensionable age, changes to the way pensions are calculated and the integration of state pensions into the general scheme of social insurance. The approval and successful implementation of all aspects of these proposals will be critical for long-term fiscal sustainability and could help increase the labour supply by providing stronger incentives to work for older workers while ensuring the adequacy of pensions. Moreover, long-term fiscal sustainability would also require a stronger fiscal framework. In particular, in the run-up to the crisis, the fiscal framework did not prevent recurrent sizeable revisions of expenditure targets and pro-cyclical expenditure growth financed by revenue windfalls. Excessive expenditure growth financed by boom-related revenues was at the origin of the large fiscal imbalances that emerged during the crisis. They also contributed to overheating the economy. According to the Commission's latest assessment, the risks with regard to long-term sustainability of public finances appear to be high.

(10) The unemployment rate in Lithuania is one of the highest in the EU. The immediate concern is to ensure that this rapid increase does not become structural. Very strict labour regulations and disincentives to work within the social assistance system are compromising the functioning of the labour market. This requires a revision of the Labour Code and other relevant legislation, in particular the Law on Cash Social Assistance. When combined with sufficiently funded active labour market policies, measures taken in these domains would help reduce the risk of high unemployment becoming structural, and reduce the sizeable shadow economy.

(11) Lithuanian State-owned enterprises represent about 18 % of GDP. They remain prone to inefficiencies with unsatisfactory financial returns. The successful reform of State-owned enterprises would also enhance competition and improve the business environment. In 2010 Lithuania began a reform in five major sectors. The reform set out transparency guidelines for State-owned enterprises, providing a basis for government accountability. The Government's Resolution on Improvement of Efficiency in December 2010 provided a further credible framework for the reform. Nevertheless these remain only frameworks and guidelines, and the Resolution lacks a number of key measures initially proposed, and which would have ensured the separation of regulatory and ownership functions.

(12) The energy intensity of the Lithuanian economy is one of the highest in the EU. This is to a large extent related to household heating where poorly maintained multi-apartment buildings account for the bulk of the problem. Despite the introduction of a strategy to address this dating back to 2004, few investments have been made. Moreover, levels of car ownership have increased rapidly, whilst revenues from energy and transport taxes have fallen relative to GDP and to taxes on labour (considerably above the EU average). Addressing low energy tax rates, including those for the registration and ownership of transport vehicles, would support fiscal consolidation in the short term, whilst also incentivising more efficient energy use.

(13) While Lithuania has a business regulatory framework that is favourable overall, it scores relatively poorly on start-up conditions, the time and cost involved in issuing construction permits, and the protection of investors. Improvements to regulations in these areas would help stimulate job creation and growth. Competition policy reform would further improve the environment, but progress is slow, especially in the energy and food retail sectors. The completion of the revised national energy independence strategy will help address concerns over security of supply and support greater competition in electricity generation. The implementation of the Third Package of EU electricity and gas market legislation would improve retail energy market competition. Within the food retail sector, Lithuanian passed a law in 2009 on the prohibition of unfair operations of retail trade undertakings. However, the food retail sector continues to show an insufficient level of competition, due partly to its structure and inefficiencies in market regulation. Concentration in the food retail chains has been on an upward trend, with the share of the four largest retailers reaching 72 % of the total sales in 2008.

(14) Lithuania has made a number of commitments under the Euro Plus Pact. To strengthen fiscal sustainability, Lithuania will adopt laws to facilitate the accumulation of funds in the State Treasury reserve for difficult economic periods and promote a responsible anti-inflationary budgetary policy. A number of important measures to reform the pension and social security system have also been announced. Employment measures focus on fostering employment, combating illegal and undeclared work, and promoting flexible employment agreements. To improve the business environment a number of commitments have been made to strengthen business inspectorates, increase transparency and reduce the administrative burden on business. These commitments relate to all four areas of the pact. Overall, they reflect the reform agenda outlined in the convergence programme and the national reform programme. The range of measures in the employment domain would, if implemented, provide a welcome contribution to generating demand for labour. These commitments have been assessed and taken into account in the recommendations.

(15) The Commission has assessed the convergence programme and national reform programme, including the Euro Plus Pact commitments. It has taken into account not only their relevance for sustainable fiscal and socio-economic policy in Lithuania, but also their conformity with EU rules and guidance, given the need to reinforce the overall economic governance of the EU by providing EU-level input into future national decisions. In this light, the Commission considers that measures to ensure compliance with the budgetary targets for 2012 will need to be specified. Further steps should be also taken to reform the pension system in order to improve fiscal sustainability and to encourage longer working lives, improve the functioning of the labour market, implement the State-owned enterprises reform package, improve energy efficiency and address low taxes on energy, and strengthen competition in certain sectors.

(16) In light of this assessment, also taking into account the Council Recommendation under Article 126(7) of the Treaty on the Functioning of the European Union of 16 February 2010, the Council has examined the 2011 update of the convergence programme of Lithuania and its opinion ([1]) is reflected in particular in its recommendations (1) and (2) below. Taking into account the European Council conclusions of 25 March 2011, the Council has examined the national reform programme of Lithuania,

([1]) Foreseen in Article 9(3) of Regulation (EC) No 1466/97.

HEREBY RECOMMENDS that Lithuania take action within the period 2011-2012 to:

1. Adopt additional fiscal measures of a permanent nature by the time of the 2012 budget to correct the excessive deficit in line with the Council recommendations under the EDP. Reinforce tax compliance and take full advantage of the economic recovery to further accelerate deficit reduction and ensure progress towards the medium-term objective by at least 0,5 % of GDP annually. Strengthen the fiscal framework, in particular by introducing enforceable and binding expenditure ceilings in the medium-term budgetary framework.

2. Adopt the proposed implementing legislation on Pension System Reform. In order to enhance participation in the labour market, remove fiscal disincentives to work, especially for people at pensionable age.

3. Enhance labour market flexibility by amending the labour legislation to make it more flexible and to allow better use of fixed-term contracts. Amend the relevant legislation to ensure that the social assistance system does not contain disincentives to work.

4. Implement all aspects of the State-owned enterprise reform package by the end of 2011, ensuring a separation of ownership and regulatory functions, clear enterprise objectives, enhanced transparency and a separation of commercial and non-commercial activities.

5. Improve the energy efficiency of buildings, including through a rapid implementation of the Holding Fund, and take steps to shift taxation towards energy use.

6. Take steps to improve start-up conditions and the delivery of construction permits, and to strengthen competition in the energy and retail sectors.

Done at Brussels, 12 July 2011.

For the Council

The President

J. VINCENT-ROSTOWSKI

COUNCIL RECOMMENDATION

of 12 July 2011

on the national reform programme 2011 of Luxembourg and delivering a Council opinion on the updated stability programme of Luxembourg, 2011-2014

(2011/C 210/02)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,

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 European Commission,

Having regard to the conclusions of the European Council,

Having regard to the opinion of the Employment Committee,

After consulting the Economic and Financial Committee,

Whereas:

(1) On 26 March 2010, the European Council agreed to the Commission's proposal to launch a new strategy for jobs and growth, Europe 2020, based on enhanced coordination of economic policies, which will focus on the key areas where action is needed to boost Europe's potential for sustainable growth and competitiveness.

(2) On 13 July 2010, the Council adopted a recommendation on the broad guidelines for the economic policies of the Member States and the Union (2010 to 2014) and, on 21 October 2010, adopted a decision on guidelines for the employment policies of the Member States [2], which together form the 'integrated guidelines'. Member States were invited to take the integrated guidelines into account in their national economic and employment policies.

(3) On 12 January 2011, the Commission adopted the first Annual Growth Survey, marking the start of a new cycle of economic governance in the EU and the first European semester of *ex-ante* and integrated policy coordination, which is anchored in the Europe 2020 strategy.

(4) On 25 March 2011, the European Council endorsed the priorities for fiscal consolidation and structural reform (in line with the Council's conclusions of 15 February and 7 March 2011 and further to the Commission's Annual Growth Survey). It underscored the need to give priority to restoring sound budgets and fiscal sustainability, reducing unemployment through labour market reforms and making new efforts to enhance growth. It requested Member States to translate these priorities into concrete measures to be included in their stability or convergence programmes and national reform programmes.

(5) On 25 March 2011, the European Council also invited the Member States participating in the Euro Plus Pact to present their commitments in time to be included in their stability or convergence programmes and their national reform programmes.

(6) On 29 April 2011, Luxembourg submitted its 2011 stability programme update covering the period 2011-2014 and its 2011 national reform programme. In order to take account of the interlinkages, the two programmes have been assessed at the same time.

(7) Considering the exceptional weight of the financial sector in the economy, Luxembourg has withstood the financial and economic crisis relatively well. After real GDP fell by 3,6 % in 2009, the economy recovered quickly in 2010. GDP expanded by about 3,5 %, boosted by an increase in public spending decided by the government as part of the European economic recovery programme, and by a strong increase in net exports. Employment remained resilient, partly due to a sizeable recourse to short-time working arrangements, encouraged by the authorities. Unemployment began to rise from the beginning of 2008 on and broadly stabilised at about 6 %, a level which is historically high in Luxembourg. Despite the recession, public finances in Luxembourg are relatively sound (a deficit of 1,7 % and gross debt of 18,4 % in 2010), thanks to a very favourable starting position.

(8) Based on the assessment of the updated stability programme pursuant to Regulation (EC) No 1466/97, the Council is of the opinion that the macroeconomic scenario underpinning the budgetary projections is slightly cautious when compared with the Commission services' 2011 spring forecast. According to the stability programme, the target for 2011 is a deficit of 1 %, which

[1] OJ L 209, 2.8.1997, p. 1.

[2] Maintained for 2011 by Council Decision 2011/308/EU of 19 May 2011 on guidelines for the employment policies of the Member States (OJ L 138, 26.5.2011, p. 56).

is in line with the Commission services' spring forecast. The stability programme, under an unchanged policy scenario, projects a deterioration of the headline deficit in 2012 to 1,5 % of GDP before it improves gradually again to 0,8 % of GDP by 2014. The Commission services' forecast is slightly more optimistic projecting a deficit of 1,1 % of GDP in 2012, based on a more favourable macroeconomic scenario and a slower increase in expenditure. The stability programme does not foresee the achievement of the medium-term objective (MTO), which is defined as a structural surplus of 0,5 % of GDP, within the 2011-2014 programming period. On the contrary, the structural balance (recalculated by Commission services based on the information in the stability programme, following the commonly agreed methodology) is expected to deteriorate gradually from a 0,3 % surplus in 2011 to a 0,8 % deficit in 2014.

(9) With GDP growth projected to remain robust, Luxembourg's public finances could benefit from a further improvement of the structural balance with a view to achieving the MTO already in 2012. This would provide Luxembourg with a safety margin against a possible future economic downturn and help improve long-term sustainability of public finances. Additionally, in the light of the estimated impact of the implicit liabilities related to population ageing, the country would benefit from having a more ambitious MTO.

(10) According to the Commission's latest assessment, the risks with regards to long-term sustainability of public finances appear to be medium. The increase in age-related public expenditure in Luxembourg in coming decades is projected to be the strongest in the EU. The short-term financing of the pension system is currently supported by a low old-age dependency ratio and depends in part on the contributions paid by the relatively young population of cross-border workers. In future, both factors will reverse and pension costs are anticipated to increase substantially. Although the government has accumulated sizeable assets and pension reserves are still growing, these will not be sufficient to ensure the sustainability of the system. In addition, the employment rate of older workers (age 55-64) at 38,2 % (2009) is one of the lowest in the EU (EU average: 46 %). While the statutory retirement age is in principle 65 years, the Luxembourg's pension system often allows retiring earlier with virtually no reduction in the pension level, which is, moreover, comparatively high. As a result, the average age of withdrawal from the labour market is 59,4 years, which weighs on the costs of the pension system. The government's plans for a pension reform foresee a new model aimed at keeping jobholders in work longer on a voluntary basis. This would improve the dependency ratio of the pension system. However, this mechanism would only concern new pensioners and only apply to the part of the career situated after the entry into force of the reform, so it would only produce its full effect in 40 years.

(11) The price and cost competitiveness of Luxembourg has deteriorated substantially since the beginning of the last decade. This is due to developments both in wages and productivity. Over the period 2000-2010, unit labour costs rose about one and a half times faster in Luxembourg than on average in the EU-15, and more than five times faster than in Germany. Given the agreement between the government and the trade unions to postpone, from spring to October 2011, the application of the automatic wage indexation mechanism, there will be a substantial moderation of real wage growth in 2011. A decision has yet to be taken concerning the subsequent threshold. Given the current inflation outlook the next automatic indexation could fall already in spring 2012, thus wiping out the earlier gains in cost-competitiveness.

(12) Despite historically strong employment growth, the employment rate of the resident population is lower than the EU average, especially at both ends of the age spectrum. Job creation in recent years has mainly benefitted non-residents. Even though the rise in unemployment since 2008 is related to the recession, it has an increasingly structural character, illustrated by the fact that during the growth years prior to the crisis, employment needed to grow at around 4 % a year in order to produce a marginal decline in unemployment. Youth unemployment is relatively high at 16,1 % in 2010 compared to 6 % of total active population. The unemployment rate depends heavily on the educational level. Young residents face an acute competition for available jobs from non-residents, who are often as, or even higher, qualified.

(13) The government outlined a series of commitments in the context of the Euro Plus Pact. These commitments refer to the four areas of the Pact. On the fiscal side, the government approved the features of a pension reform and commits itself to finalising the reform by the end of 2011. To reinforce financial stability, measures focus on boosting the resistance of the financial sector through regulation and supervision at the European and international levels and pursuing the efforts to diversify the structure of the Luxembourg economy. Employment measures focus on increasing the efficiency of active employment policies (reform of the 'Administration de l'Emploi') and encouraging lifelong learning in the private sector by a higher co-financing rate by the State. The competitiveness measures include a postponement of the indexation of wages from spring 2011 (implied by the automatic indexation system) to October 2011, and a commitment to negotiate with social partners a similar postponement for 2012. Moreover, the government committed itself to improving the business environment through administrative simplification and better infrastructure. They are in line with the broader reform agenda outlined in the stability and national reform programmes and address challenges in the areas of pensions, competitiveness, employment (particularly of young and older workers) and the financial sector.

However, some of the proposed reforms lack detail. The Euro Plus Pact commitments have been assessed and taken into account in the recommendations.

(14) The Commission has assessed the stability programme and national reform programme including the Euro Plus Pact commitments for Luxembourg. It has taken into account not only their relevance for sustainable fiscal and socio-economic policy in Luxembourg, but also their conformity with EU rules and guidance, given the need to reinforce the overall economic governance of the EU by providing EU-level input into future national decisions. In this light, the Commission considers that a more ambitious reduction of the deficit in 2011 should be possible in view of the favourable macro-economic outlook, and that a stronger fiscal effort would allow Luxembourg to reach the MTO in 2012. Further steps should also be taken to reform the pension system and promote active ageing, to strengthen competitiveness, and to help young people into jobs.

(15) In light of this assessment, the Council has examined the 2011 update of the stability programme of Luxembourg and its opinion ([1]) is reflected in particular in its recommendations (1) and (2) below. Taking into account the European Council conclusions of 25 March 2011, the Council has examined the national reform programme of Luxembourg,

HEREBY RECOMMENDS that Luxembourg take action within the period 2011-2012 to:

1. Take advantage of the improving cyclical conditions, strengthen the fiscal effort and use unexpected additional revenue in order to further reduce the headline deficit and reach the medium-term objective in 2012.

2. Propose and implement a broad pension reform to ensure the long-term sustainability of the pension system, starting with measures that will increase the participation rate of older workers, in particular by discouraging early retirement. With a view to raising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy, could be considered.

3. Take steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation, to ensure that wage growth better reflects developments in labour productivity and competitiveness.

4. Take steps to reduce youth unemployment by reinforcing training and education measures aimed at better matching young people's qualifications to labour demand.

Done at Brussels, 12 July 2011.

For the Council

The President

J. VINCENT-ROSTOWSKI

([1]) Foreseen in Article 5(3) of Regulation (EC) No 1466/97.

COUNCIL RECOMMENDATION

of 12 July 2011

on the national reform programme 2011 of Austria and delivering a Council opinion on the updated stability programme of Austria, 2011-2014

(2011/C 210/03)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,

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 European Commission,

Having regard to the conclusions of the European Council,

Having regard to the opinion of the Employment Committee,

After consulting the Economic and Financial Committee,

Whereas:

(1) On 26 March 2010, the European Council agreed to the Commission's proposal to launch a new strategy for jobs and growth, Europe 2020, based on enhanced coordination of economic policies, which will focus on the key areas where action is needed to boost Europe's potential for sustainable growth and competitiveness.

(2) On 13 July 2010, the Council adopted a recommendation on the broad guidelines for the economic policies of the Member States and the Union (2010 to 2014) and, on 21 October 2010, adopted a decision on guidelines for the employment policies of the Member States [2], which together form the 'integrated guidelines'. Member States were invited to take the integrated guidelines into account in their national economic and employment policies.

(3) On 12 January 2011, the Commission adopted the first Annual Growth Survey, marking the start of a new cycle of economic governance in the EU and the first European semester of *ex-ante* and integrated policy coordination, which is anchored in the Europe 2020 strategy.

(4) On 25 March 2011, the European Council endorsed the priorities for fiscal consolidation and structural reform (in line with the Council's conclusions of 15 February and 7 March 2011 and further to the Commission's Annual Growth Survey). It underscored the need to give priority to restoring sound budgets and fiscal sustainability, reducing unemployment through labour market reforms and making new efforts to enhance growth. It requested Member States to translate these priorities into concrete measures to be included in their stability or convergence programmes and national reform programmes.

(5) On 25 March 2011, the European Council also invited the Member States participating in the Euro Plus Pact to present their commitments on time for their inclusion in their stability or convergence programmes and their national reform programmes.

(6) On 27 April 2011, Austria submitted its 2011 stability programme update covering the period 2011-2014 and on 2 May 2011 its 2011 national reform programme. In order to take account of the interlinkages, the two programmes have been assessed at the same time.

(7) The Austrian economy entered the crisis on sound fundamentals, without having suffered from any major imbalances or distortions in the period preceding it. In spite of that, the financial and economic crisis has pushed the economy into the deepest recession for decades. Overall, real GDP contracted by almost 4 % in 2009. As a result of the crisis, employment fell by about 1 % in 2009, lifting unemployment to 4,8 % (from 3,8 % a year earlier). The crisis halted the previous continuous growth of current account surplus. The economic and financial crisis took its toll on public finances. As a result of the adoption of the stimulus packages and automatic stabilisers operating fully, the general government deficit reached 4,1 % and 4,6 % of GDP in 2009 and 2010 respectively. Public debt went up to 69,6 % and 72,3 % of GDP in 2009 and 2010 respectively. Since most of the stimulus measures were of a permanent nature, there was a need for fiscal consolidation as soon as economic conditions had improved. A consolidation package, amounting to close to 1 % of GDP, has been adopted in the budget law for 2011. Since the third quarter of 2009, the economy has been steadily recovering from the crisis on the back of improved foreign demand and in particular of stronger economic activity in Germany. Overall, real GDP growth reached 2 % in 2010.

[1] OJ L 209, 2.8.1997, p. 1.

[2] Maintained for 2011 by Council Decision 2011/308/EU of 19 May 2011 on guidelines for the employment policies of the Member States (OJ L 138, 26.5.2011, p. 56).

(8) Based on the assessment of the updated stability programme pursuant to Article 5(1) of Regulation (EC) No 1466/97, the Council is of the opinion that the macroeconomic scenario underpinning the budgetary projections is plausible, and too favourable towards the end of the stability programme period. The main goal of the medium-term budgetary strategy, presented in the latest update of the stability programme, is to gradually reduce the general government deficit from 4,6 % of GDP in 2010 to 2,4 % of GDP in 2014, chiefly by expenditure restraint. There are mainly downside risks to these targets due to the fact that the measures to underpin the consolidation path at the subnational level are unspecified and the fact that savings from some of the measures adopted at the federal level will not materialise, e.g. gains from the anti-tax-fraud campaign, the predicted impact of which seems to be highly speculative. On the other hand, a positive risk factor is the multi-annual expenditure framework introduced for the federal government in 2009, which seems to have contributed to enhancing predictability of the budgetary process in the medium term, albeit only at the federal level. The stability programme stipulates that the debt-to-GDP ratio will grow from 72,3 % in 2010 to 75,5 % in 2013 before declining to 75,1 % in 2014. However, there are some risks attached to this projection, which relate to the growing debt of state-owned companies classified outside the government sector and potential further burden stemming from support measures to the banking sector. At the same time, however, the debt ratio might turn out lower, as it is probable that the banks which received the public support during the crisis will pay it back ahead of the schedule that is assumed in the stability programme.

(9) According to the stability programme, the general government deficit is expected to fall below the 3 % reference value in 2013, which is in line with the deadline set by the Council. However, the annual average fiscal effort of 0,2 % of GDP envisaged by the stability programme in the period 2011-2013 is well below the 0,75 % of GDP effort that the Council invited Austria to provide. According to the Commission's latest assessment, the risks with regards to long-term sustainability of public finances appear to be medium.

(10) While Austria has a developed National Stability Pact in place, further reforming the fiscal relations between various layers of government would bring in substantial savings, support fiscal consolidation and free up resources for growth-enhancing investment in areas such as R&D and education. It is widely acknowledged that current relations are complex: not only are revenues from most individual taxes shared among the different territorial levels in fixed proportions, but also decision-making in many areas is divided among various levels of authority. For a number of activities, revenue-raising and spending responsibilities do not reside within the same level of government. Notable examples of inefficiencies stemming from the current form of these fiscal relations are found in the health care and education sectors.

(11) The average tax wedge in Austria is among the highest in the EU. Compared with other EU countries, the social security contributions of employees are very high. The reduction of unemployment insurance contributions of low-wage earners in 2008 and the income tax reform of 2009 helped reduce the labour tax burden, but could not prevent the tax wedge from increasing slightly for both low- and average-income earners as compared with the start of the last decade. This wedge has a negative impact on employment, in particular of low-paid and low-skilled workers.

(12) The employment rate of older workers in Austria is still well below the EU average in spite of a sharp rise in the last decade. Early retirement schemes and disability pensions are still widely used. Altogether 72 % of all new pensions in 2010 were granted before the statutory retirement age was reached. Another factor contributing to the low employment rate of older workers is the still relatively low statutory retirement age for women (60). Given the demographic developments in Austria, raising the effective retirement age and improving the framework enabling older workers to stay longer in the labour market are important in the context both of ensuring sustainability of public finances and of boosting the labour supply, which is forecast to start shrinking from 2020 onwards.

(13) The female employment rate in Austria is relatively high, associated with one of the highest rates of part-time work. Women's jobs are highly concentrated in low-wage employment. These patterns result in a gender pay gap of 25,4 % which is the second highest in the EU and one of the factors leading to a relatively high poverty risk for women. A reason for female part-time work is the uneven distribution between women and men of care obligations for children and the elderly and the lack of child care and long-term care services.

(14) The education system is characterised by 'early tracking', whereby pupils have to decide at the age of 10 about their future education path with limited permeability between paths, and widespread half-day schooling. This can result in suboptimal educational outcomes for vulnerable youth, in particular those with a migrant background. Early choices predetermine to a large

extent future education paths, making it more difficult to reach higher education levels at a later stage. A common school for all 10 to 14-year-olds would help increase equality of opportunities in the education system and help tackle school drop-out rates.

(15) Competition in the services sector, in particular network services such as telecommunications, transport, utilities, as well as retail trade and professional services, is not sufficiently developed. Productivity growth has been sluggish and the market structure has not fostered purchasing power and consumer demand. Promoting competition through facilitating market entry, reducing the statutory regulation of professions and ensuring competitive pricing would expand consumer choice and affordability. Austria has accumulated lengthy delays in implementing the Services Directive; addressing these could contribute to unlocking growth. In particular the 'horizontal law', a federal law implementing the main principles of the Directive, is still pending.

(16) Austria has made a number of commitments under the Euro Plus Pact. The commitments refer to the three of the four areas of the Pact. On the fiscal side, the measures address the need to raise the effective retirement age as well as control public expenditure more effectively at the various levels of government. For employment, the focus is on combating youth unemployment, and for competitiveness, on investing further in research and technical education, as well as on developing models for all-day schools. The initiatives presented under the Pact are in line with the national reform programme and are in compliance with the Federal Budgetary Framework Law and the stability programme. However, while the measures address some of the main socio-economic issues facing the country, there are outstanding challenges that could usefully have been covered in the commitments, including in the areas of fiscal policy, education, competition and innovation. The Euro Plus Pact commitments have been assessed and taken into account in the recommendations.

(17) The Commission has assessed the stability programme and national reform programme, and the Euro Plus Pact commitments for Austria. It has taken into account not only their relevance for sustainable fiscal and socio-economic policy in Austria, but also their observance of EU rules and guidance, given the need to reinforce the overall economic governance of the EU by providing EU-level input into future national decisions. It considers that, given the favourable economic conditions, the fiscal consolidation effort should be stepped up, in particular in 2012, and that the fiscal relations between the various layers of government should be reformed further. Reducing the tax wedge, improving educational outcomes and combating gender segmentation would be beneficial to the dynamism of the labour market, while enhancing competition and fostering innovation would increase competitiveness.

(18) In light of this assessment, also taking into account the Council Recommendation under Article 126(7) of the Treaty on the Functioning of the European Union of 2 December 2009, the Council has examined the 2011 update of the stability programme of Austria and its opinion [1] is reflected in particular in its recommendations (1) and (2) below,

HEREBY RECOMMENDS that Austria take action within the period 2011-2012 to:

1. Accelerate the correction of the excessive deficit, which is planned mainly on the expenditure side, thus bringing the high public debt ratio on a downward path, taking advantage of the ongoing economic recovery, in order to ensure an average annual fiscal effort of 0,75 % of GDP over the period 2011-2013 in line with the Council recommendations under the EDP. To this end, adopt and implement the necessary measures, including at the subnational level. Specify measures as needed to ensure adequate progress towards the medium-term objective in line with the Stability and Growth Pact (SGP) after correction of the excessive deficit.

2. Take steps to further strengthen the national budgetary framework by aligning legislative, administrative, revenue-raising and spending responsibilities across the different levels of government, in particular in the area of health care.

3. In consultation with the social partners and according to national practices, take steps to further limit access to the current early retirement scheme for people with long insurance periods and take steps to reduce the transition period for harmonisation of the statutory retirement age between men and women to ensure the sustainability and adequacy of the pension system. Apply strictly the conditions for access to the invalidity pension scheme.

4. Take measures to enhance participation in the labour market, including the following: reduce, in a budgetary neutral way, the effective tax and social security burden on labour, especially for low- and medium-income earners; implement the National Action Plan on the equal treatment of women and men in the labour

[1] Foreseen in Article 5(3) of Regulation (EC) No 1466/97.

market, including improvements in the availability of care services and of all-day school places to increase the options for women to work full-time and in the high gender pay gap; take steps to improve educational outcomes and prevent school drop-out.

5. Take further steps to foster competition, in particular in the services sectors, by relaxing barriers to entry, removing unjustified restrictions on some professions, as well as enhancing the powers of the competition authority. Accelerate the adoption of the outstanding 'horizontal law' implementing the Services Directive.

Done at Brussels, 12 July 2011.

For the Council

The President

J. VINCENT-ROSTOWSKI

COUNCIL RECOMMENDATION

of 12 July 2011

on the national reform programme 2011 for Cyprus and delivering a Council opinion on the updated stability programme of Cyprus, 2011-2014

(2011/C 210/04)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,

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 European Commission,

Having regard to the conclusions of the European Council,

Having regard to the opinion of the Employment Committee,

After consulting the Economic and Financial Committee,

Whereas:

(1) On 26 March 2010, the European Council agreed to the Commission's proposal to launch a new strategy for jobs and growth, Europe 2020, based on enhanced coordination of economic policies, which will focus on the key areas where action is needed to boost Europe's potential for sustainable growth and competitiveness.

(2) On 13 July 2010, the Council adopted a recommendation on the broad guidelines for the economic policies of the Member States and the Union (2010 to 2014) and, on 21 October 2010, adopted a decision on guidelines for the employment policies of the Member States [2], which together form the 'integrated guidelines'. Member States were invited to take the integrated guidelines into account in their national economic and employment policies.

(3) On 12 January 2011, the Commission adopted the first Annual Growth Survey, marking the start of a new cycle of economic governance in the EU and the first European semester of *ex-ante* and integrated policy coordination, which is anchored in the Europe 2020 strategy.

(4) On 25 March 2011, the European Council endorsed the priorities for fiscal consolidation and structural reform (in line with the Council's conclusions of 15 February and 7 March 2011 and further to the Commission's Annual Growth Survey). It underscored the need to give priority to restoring sound budgets and fiscal sustainability, reducing unemployment through labour market reforms and making new efforts to enhance growth. It requested Member States to translate these priorities into concrete measures to be included in their stability or convergence programmes and national reform programmes.

(5) On 25 March 2011, the European Council also invited the Member States participating in the Euro Plus Pact to present their commitments in time to be included in their stability or convergence programmes and their national reform programmes.

(6) On 6 May 2011, Cyprus submitted its 2011 national reform programme and on 7 May 2011 its 2011 stability programme update covering the period 2010-2014. In order to take account of the interlinkages, the two programmes have been assessed at the same time.

(7) The Cypriot economy is recovering moderately after experiencing the first economic contraction in the last 35 years in 2009, when real GDP fell by 1,7 %. The labour market suffered from the recession, with unemployment reaching 6,5 % in 2010. Public finances also deteriorated. From a surplus, the general government budget dropped to a deficit of 6 % of GDP in 2009, driven by automatic stabilisers, discretionary fiscal stimulus measures to counter the economic downturn and rather large effects due to a less tax-rich growth pattern. Economic activity improved moderately in 2010 with growth at 1 %, mainly driven by inventory accumulation, after the large destocking that took place in 2009, in tandem with a mild resumption of private consumption. The strengthening economic outlook is expected to benefit the labour market, employment is projected to recover modestly while unemployment should ease gradually from its peak at the end of 2010.

(8) Based on the assessment of the updated stability programme pursuant to Regulation (EC) No 1466/97,

[1] OJ L 209, 2.8.1997, p. 1.
[2] Maintained for 2011 by Council Decision 2011/308/EU of 19 May 2011 on guidelines for the employment policies of the Member States (OJ L 138, 26.5.2011, p. 56).

the Council is of the opinion that the macroeconomic scenario underpinning the budgetary projections is plausible until 2012, but rather favourable thereafter, as assessed against the Commission services' spring 2011 forecast. The stability programme aims to reduce the budgetary deficit to 4 % of GDP in 2011 and 2,6 % in 2012, in line with the Council Recommendation of 13 July 2010, and to continue consolidation afterwards. The programme projects the debt ratio to peak in 2012 and to decline thereafter. The annual average improvement in the structural balance for the period 2011-2012 is 1,5 % of GDP, in line with the Council Recommendation of 13 July 2010. However, the structural improvement is set to be below the requirements of the Stability and Growth Pact in both 2013 and 2014. The medium-term objective (MTO), which is reaffirmed as a balanced budget in structural terms, will not be reached within the programme period. While the overall adjustment planned is based on expenditure restraint, most measures in 2011 are on the revenue side. Overall, there are downside risks to the consolidation path mapped out in the programme, associated with the continued rebalancing towards a less tax-rich growth pattern, the practice of adopting supplementary budgets during the course of the year and the timely implementation of measures which are still to be agreed with the social partners and others still to be specified (e.g. containment of current expenditure). In view of these risks, additional measures may need to be adopted if macroeconomic or budgetary developments turn out to be worse than expected.

(9) Despite the decline to around 8 % of GDP in 2010, the current account deficit is still large and likely to constrain economic growth over the medium term. High public-sector outgoings need to be financed by either foreign debt or higher domestic private savings. The latter would imply lower output growth by crowding out private consumption or investment. In the medium term, the deficit would continue improving, but at a moderate rate. On 13 July 2010, in the context of the excessive deficit procedure, the Council recommended to the Cypriot authorities to strengthen the binding nature of their medium-term budgetary framework too. Until now, no progress has been reported. According to the stability programme, the medium-term budgetary framework is to be fully implemented from the fiscal year 2014 onwards, rather than 2012, as expected until recently. Therefore, its impact would be felt only in the medium term. Timely implementation of the new framework would be important for successful and lasting consolidation of the public finances.

(10) The banking sector weathered the global financial crisis and the sovereign debt crisis in the euro area well, without any need for government intervention. However, with assets of more than six times GDP, excluding subsidiaries and branches of foreign banks, and nine times GDP when they are included, the banking sector is large in relation to the economy. Moreover, it is relatively concentrated, with the market dominated by three domestic groups that hold about 55 % of total consolidated banking assets, excluding the cooperative banks. The ongoing risks on international financial markets call for continuation of conservative balance-sheet management and for prudent supervision. There are two different supervisors: the Central Bank of Cyprus for commercial banks and the Authority for the Supervision and Development of Cooperative Societies (ASDCS) for cooperative credit institutions The government promotes harmonisation practices in the two supervisory bodies. Meanwhile, the transparency of supervision of the cooperative credit societies needs to be enhanced as a step towards unifying supervision.

(11) The projected long-term budgetary impact of ageing is well above the EU average, mainly as a result of a relatively strong increase in pension expenditure as a share of GDP over the decades ahead. According to the Commission's latest assessment, the risks with regards to long-term sustainability of public finances appear to be high. A pension reform was introduced in April 2009. It is aimed mainly at the revenue side and would only slightly slow down the rise in pension expenditure. Progress on healthcare reform, with the aim of curbing the projected rise in expenditure by establishing a national health system and transforming public hospitals into autonomous entities, has been very limited.

(12) The twice-a-year automatic cost-of-living allowance (COLA) adjustment is linked directly to the average percentage change in the consumer price index (CPI) over the last six months compared with the preceding six months. It enjoys strong support from the social partners and has remained non-negotiable during the collective bargaining process. However, its uniform application does not allow wages to reflect productivity differences across sectors. The shortcomings of the COLA are, first, that wages are connected to product prices only and not to productivity gains. Second, those benefiting most from this system are those with higher incomes. Third, the COLA also has a significant impact on public finances as, beyond wages and salaries, it is also an integral feature of pensions, benefits and other allowances.

(13) While labour participation in Cyprus is higher than the EU average, the labour market displays strong gender imbalances. Gender employment gaps, the cost and availability of childcare facilities, the scarcity of flexible forms of employment and the persistently high gender pay gap

are acknowledged in the NRP as major bottlenecks hindering employment and growth. Related measures have been presented in the NRP in this respect. While educational attainment at secondary school and university level in Cyprus is high, vocational education and training (VET) does not appear to be an attractive option. High youth unemployment combined with a high proportion of people with high educational attainment in total unemployment is a sign of a significant skills mismatch in the Cypriot economy. Also, participation in lifelong learning is low for a country that has generally good educational levels, particularly for certain groups (low-skilled workers, older people and the unemployed). To address these issues, the national reform programme envisages a number of measures including the establishment of a series of new post-secondary VET institutes as well as the new apprenticeship system from 2012-2013 onwards. Overall, the country's strategic objective to shift from low to high productivity jobs would benefit greatly from the reorientation of the education and training system to bring about a better mix of skills, in match with labour market demand.

(14) Cyprus adopted a general law for transposition of the Services Directive in July 2010. Some sector-specific legislation has also been adopted and recently transmitted to the European Commission through the notification of national execution measure in early June 2011. However, there are concerns about the completeness of the transposition, as some obstacles to establishment and free provision of services still persist in some sector-specific legislation, where amendments have not yet been made. These obstacles range from generally applicable ones, such as authorisations required by local authorities for any business activity or the limited duration of authorisations, irrespective of the field and the risks involved, to very specific ones, such as fixed tariffs applicable to tourism services, economic needs tests in the authorisations for car rentals, discriminatory treatment of construction companies from other Member States and bans on architects and engineers exercising their profession as legal persons.

(15) Overall, environmental constraints and issues connected with resource and energy use could create bottlenecks to growth. These are related to its specific geographical location and to the consequences of climate change in the form of prolonged droughts. A study on the cost-effectiveness of support schemes for renewable energy has recently been completed and publicised, based on which the support schemes have been revised. The functioning of the energy sector can be significantly improved, by the introduction of natural gas and the facilitation of infrastructure investments for renewable energy.

(16) Cyprus has made a number of commitments under the Euro Plus Pact. On the fiscal side, the Pact commits the country to strengthening fiscal sustainability by preparing a framework law for dealing with financial crises and setting up a fully independent Financial Stability Fund. Furthermore, a dialogue on restructuring the public sector pension system is taking place and should be concluded by the end of 2011. Employment measures are focusing on combating illegal and undeclared work, addressing the skills mismatch and increasing the competitiveness of enterprises. The competitiveness measures cover containing public-sector wages (redesigning the wage indexation mechanism), strengthening the competitiveness of small and medium-sized enterprises, finalising the National Digital Strategy by 2011 and promoting energy efficiency and renewable energy sources. These commitments reflect the four areas of the Pact. They provide for continuity of the broader reform agenda outlined in the stability and national reform programmes and confirm the plans already announced to deliver reforms to address the country's structural weaknesses, without at this stage specifying a timeframe to address issues such as the public-sector wages and pension system. These commitments have been assessed and taken into account in the recommendations.

(17) The Commission has assessed the stability programme and national reform programme, including Euro Plus Pact commitments. It has taken into account not only their relevance for sustainable fiscal and socio-economic policy in Cyprus, but also their compliance with EU rules and guidance, given the need to reinforce the overall economic governance of the EU by providing EU-level input into future national decisions. In this light, the Commission considers that more efforts are needed on achieving the 2011 budget deficit target and that additional consolidation measures should be specified for 2012 and beyond. In order to improve the long-term sustainability of public finances, further action on the pension and healthcare system is needed. Further steps should also be taken to strengthen the prudential framework of banking supervision, to adjust the wage-indexation system and to improve vocational education, training and skills, the business environment and energy efficiency.

(18) In the light of this assessment, also taking into account the Council Recommendation of 13 July 2010 under Article 126(7) of the Treaty on the Functioning of the European Union, the Council has examined the 2011 update of the stability programme of Cyprus and its opinion [1] is reflected in particular in its recommendations (1) and (3) below. Taking into account the

[1] Foreseen in Article 5(3) of Regulation (EC) No 1466/97.

European Council conclusions of 25 March 2011, the Council has examined the national reform programme of Cyprus,

HEREBY RECOMMENDS that Cyprus take action within the period 2011-2012 to:

1. Adopt the necessary measures of a permanent nature to achieve the budgetary target in 2011 and the correction of the excessive deficit by 2012, in line with the Council recommendations under the EDP. Take measures to keep tight control over expenditure and make use of any better-than-expected budgetary developments for faster deficit and debt reduction. Ensure progress towards the medium-term objective by at least 0,5 % of GDP annually and bring the public debt ratio on a downward path. Accelerate the phasing-in of an enforceable multiannual budgetary framework with a binding statutory basis and corrective mechanisms, as from the preparation of the 2012 budget. The programme and performance budgeting should be implemented as soon as possible.

2. Strengthen further the prudential framework for supervision of banks and cooperative credit societies to ensure early detection of risks.

3. Improve the long-term sustainability of public finances by implementing reform measures to control pension and healthcare expenditure in order to curb the projected increase in age-related expenditure. For pensions, extend years of contribution, link retirement age with life expectancy or adopt other measures with an equivalent budgetary effect, while taking care to address the high at-risk-of-poverty rate for the elderly. For healthcare, take further steps to accelerate implementation of the national health insurance system.

4. Take steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation to ensure that wage growth better reflects developments in labour productivity and competitiveness.

5. Take further steps, within the reforms planned for the vocational education and training system, to match education outcomes to labour market needs better, including by setting up post-secondary vocational education and training institutes. Take measures to increase the effectiveness of the vocational training system by increasing the incentives for and improving access to vocational education and training, especially for low-skilled workers, women and older workers.

6. Abolish remaining obstacles to the establishment and free provision of services in sector-specific legislation by December 2011 in order to create more opportunities for growth and jobs in the services sector.

7. Introduce measures to increase the diversity of the energy mix and the expansion of renewable energy sources. Establish, by 2012, a water management plan and a price-setting scheme reflecting cost efficiency and equity concerns in order to ensure more sustainable management of water resources.

Done at Brussels, 12 July 2011.

For the Council

The President

J. VINCENT-ROSTOWSKI

OPINIONS

EUROPEAN COMMISSION

COMMISSION OPINION

of 15 July 2011

relating to the plan for the disposal of radioactive waste arising from the decommissioning of the Bohunice V-1 Nuclear Power Plant, located in the Slovak Republic, in accordance with Article 37 of the Euratom Treaty

(Only the Slovak text is authentic)

(2011/C 210/05)

The assessment below is carried out under the provisions of the Euratom Treaty, without prejudice to any additional assessments to be carried out under the Treaty on the Functioning of the European Union and the obligations stemming from it and from secondary legislation.

On 21 January 2011, the European Commission received from the Slovak Government, in accordance with Article 37 of the Euratom Treaty, General Data relating to the plan for the disposal of radioactive waste arising from the decommissioning of the Bohunice V-1 Nuclear Power Plant.

On the basis of these data and additional information requested by the Commission on 18 February 2011 and provided by the Slovak authorities on 8 and 29 April 2011, and following consultation with the Group of Experts, the Commission has drawn up the following opinion:

1. The distance between the plant and the nearest point on the territory of another Member State, in this case the Czech Republic, is approximately 38 km. The Austrian and Hungarian borders are at distances of 55 km and 62 km respectively.

2. Under normal decommissioning operations, the discharges of liquid and gaseous effluents are not liable to affect the health of the population of another Member State.

3. Low- and intermediate-level solid radioactive waste will be temporarily stored on-site before transfer to the authorised National Waste Disposal Facility at Mochovce. High-level solid radioactive waste will be stored on-site until a deep repository becomes available.

4. Non-radioactive solid waste or residual materials in compliance with clearance levels will be released from regulatory control for disposal as conventional waste or for reuse or recycling. This should be done in compliance with the criteria laid down in the Basic Safety Standards (Directive 96/29/Euratom).

5. In the event of unplanned releases of radioactive effluents, which may follow an accident of the type and magnitude considered in the General Data, the doses likely to be received by the population in another Member State will not be liable to affect the health of the population.

In conclusion, the Commission is of the opinion that the implementation of the plan for the disposal of radioactive waste in whatever form, arising from the decommissioning of the Bohunice V-1 Nuclear Power Plant in the Slovak Republic, both under normal operation and in the event of an accident of the type and magnitude considered in the General Data, is not liable to result in the radioactive contamination of the water, soil or airspace of another Member State.

Done at Brussels, 15 July 2011.

For the Commission

Günther OETTINGER

Member of the Commission

COMMISSION OPINION

of 15 July 2011

on a draft regulation of the European Central Bank amending Regulation (EC) No 25/2009 of the European Central Bank concerning the balance sheet of the monetary financial institution sector (recast) (ECB/2008/32)

(2011/C 210/06)

1. **Introduction**

1.1. On 19 May 2011, the Commission received a request from the European Central Bank (ECB) for an opinion on a draft ECB regulation amending Regulation (EC) No 25/2009 concerning the balance sheet of the monetary financial institution sector (recast) (ECB/2008/32) (hereinafter the 'draft regulation').

1.2. The Commission welcomes this request and recognises, that the ECB hereby acts in accordance with its obligation to consult the Commission on draft ECB regulations whenever links with the statistical requirements of the Commission exist as laid down in Article 5(2) of Council Regulation (EC) No 2533/98 concerning the collection of statistical information by the ECB. As the requirement to consult aims to guarantee the coherence necessary to produce statistics meeting the respective information requirements of the ECB and of the Commission, the Commission recalls that a good cooperation between the ECB and the Commission can only be beneficial for those two same institutions as well as for users and respondents by allowing a more efficient production of European statistics.

2. **Specific observations**

2.1. The Commission welcomes in particular the reference to Directive 2009/110/EC concerning electronic money institutions in the draft regulation.

2.2. In Article 1(1)(a) the ECB operates with four subsectors of monetary financial institutions (MFIs), namely: '(a) central banks', '(b) credit institutions', '(c) other MFIs', and '(d) money market funds (MMFs)'. In the opinion of the Commission this division into four subsectors is too detailed since, as a general rule and for the purpose of macroeconomic analysis — as in the European system of national and regional accounts (ESA 95) and as proposed in the European system of national and regional accounts in the European Union (ESA 2010) — only two main subsectors of MFIs are used, namely central banks and other MFIs. Therefore, the different meaning of 'other MFIs' in the draft regulation creates confusion. If this distinction in the four subsectors is considered essential by the ECB for special purposes, then another name should be found for the subsector '(c) other MFIs' in the draft regulation.

2.3. Also in Article 1(1)(a) the Commission suggests the following rewording: '(1) other financial institutions whose business is (i) to receive deposits and/or close substitutes for deposits from institutional units, hence not only from MFIs; and (ii) for their own account, at least in economic terms, to grant credits and/or make investments in securities;…'. This rewording is suggested in order to indicate that the deposits come mainly from other sources than other MFIs, but may also come from MFIs.

2.4. In Article 1a(4) the Commission observes that (e), (f), (g) and (h) are pure definitions while (a), (b), (c) and (d) are explanations on how to interpret or use those definitions. The Commission suggests to separate those two categories and insert the definitions before the explanations.

2.5. Furthermore it could be useful if Article 2, 'Transitional provision', would clarify if it also applies to the new definition of MFIs.

2.6. Since the Commission is required to be consulted on the draft regulation, a citation to this effect should be inserted in the draft regulation.

3. **Conclusion**

3.1. The Commission generally supports the draft regulation insofar as it contributes to the efficient cooperation between the European Statistical System (ESS) and the European System of Central Banks (ESCB) in the definition of reporting agents and the promotion of high-quality, consistent statistics at European level. The Commission, however, is of the opinion that the draft regulation could be more specific on the issues raised above.

3.2. Furthermore, the Commission would like to underline the importance of a robust process in practice of classification of units in this area, fully respecting statistical principles, and notably with regard to bodies established in the context of the financial crisis.

3.3. The Commission will be welcoming any future consultations on relevant draft ECB regulations.

Done at Brussels, 15 July 2011.

For the Commission

Olli REHN

Member of the Commission

II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

Authorisation for State aid pursuant to Articles 107 and 108 of the TFEU

Cases where the Commission raises no objections

(Text with EEA relevance, except for products falling under Annex I to the Treaty)

(2011/C 210/07)

Date of adoption of the decision	26.1.2010	
Reference number of State Aid	N 536/09	
Member State	Spain	
Region	Canarias	Article 107(3)(a)
Title (and/or name of the beneficiary)	Régimen de ayudas por daños en producciones e infraestructura en el sector agrario producidos por el incendio en la isla de La Palma iniciados el 1 de agosto de 2009.	
Legal basis	Decreto 116/2009, de 3 de agosto, de ayudas y medidas urgentes y de carácter excepcional para reparar los daños producidos por el incendio acaecido en La Palma. (B.O.C. nº 150, del 4 de agosto de 2009). Proyecto de Orden de la Consejería de Agricultura, Ganadería, Pesca y Alimentación por la que se regulan las ayudas por daños en producciones e infraestructuras en el sector agrario previstas en el Decreto 116/2009, de 3 de agosto.	
Type of measure	Scheme	—
Objective	Natural disasters or exceptional occurrences	
Form of aid	Direct grant	
Budget	Overall budget: EUR 1,80 million Annual budget: EUR 1,80 million	
Intensity	100 %	
Duration (period)	1.11.2009-31.12.2010	
Economic sectors	Agriculture, forestry and fishing	

Name and address of the granting authority	Consejería de Agricultura, Ganadería, Pesca y Alimentación Edificio de Usos Múltiples II C/ José Manuel Guimerá, planta 3a 38071 Santa Cruz de Tenerife ESPAÑA
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/state_aids_texts_en.htm

Date of adoption of the decision	15.6.2011	
Reference number of State Aid	N 323/10	
Member State	Netherlands	
Region	Nederland	Mixed
Title (and/or name of the beneficiary)	Wijziging van N 577/06, Catalogus Groenblauwe diensten	
Legal basis	De kaderwet inzake subsidies van het ministerie van Landbouw, Natuur en voedselkwaliteit, de provinciewet, de gemeentewet, de waterschapswet en de Catalogus Groen-Blauwe diensten (N 577/06)	
Type of measure	Scheme	—
Objective	Agri-environmental commitments, Environmental protection, Forestry, Technical support (AGRI)	
Form of aid	Direct grant, Subsidised services	
Budget	Overall budget: EUR 840 million Annual budget: EUR 120 million	
Intensity	100 %	
Duration (period)	Until 1.1.2018	
Economic sectors	Agriculture, forestry and fishing	
Name and address of the granting authority	Diverse Nederlandse overheden	
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/state_aids_texts_en.htm

Date of adoption of the decision	10.6.2011
Reference number of State Aid	SA.32244 (11/N)

Member State	United Kingdom	
Region	Wales	—
Title (and/or name of the beneficiary)	Glastir woodland creation scheme	
Legal basis	The Rural Development Programmes (Wales) Regulations 2006, Welsh Statutory Instrument 2006 No 3343 (W. 304), as amended	
Type of measure	Scheme	—
Objective	Forestry	
Form of aid	Direct grant	
Budget	Overall budget: GBP 24 million Annual budget: GBP 8 million	
Intensity	70 %	
Duration (period)	Until 31.12.2013	
Economic sectors	Agriculture, forestry and fishing	
Name and address of the granting authority	Forestry Commission Wales National Office Aberystwyth SY23 3UR 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/state_aids_texts_en.htm

Non-opposition to a notified concentration

(Case COMP/M.6247 — KKR/Versatel)

(Text with EEA relevance)

(2011/C 210/08)

On 7 July 2011, 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:

— in the merger section of the Competition website of the Commission (http://ec.europa.eu/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 (http://eur-lex.europa.eu/en/index.htm) under document number 32011M6247. EUR-Lex is the on-line access to the European law.

Non-opposition to a notified concentration

(Case COMP/M.6277 — Access Industries/Warner Music Group)

(Text with EEA relevance)

(2011/C 210/09)

On 7 July 2011, 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:

— in the merger section of the Competition website of the Commission (http://ec.europa.eu/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 (http://eur-lex.europa.eu/en/index.htm) under document number 32011M6277. EUR-Lex is the on-line access to the European law.

IV

(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

Euro exchange rates [1]

15 July 2011

(2011/C 210/10)

1 euro =

	Currency	Exchange rate		Currency	Exchange rate
USD	US dollar	1,4146	AUD	Australian dollar	1,3264
JPY	Japanese yen	111,97	CAD	Canadian dollar	1,3549
DKK	Danish krone	7,4568	HKD	Hong Kong dollar	11,0241
GBP	Pound sterling	0,87750	NZD	New Zealand dollar	1,6815
SEK	Swedish krona	9,2121	SGD	Singapore dollar	1,7237
CHF	Swiss franc	1,1577	KRW	South Korean won	1 497,69
ISK	Iceland króna		ZAR	South African rand	9,7576
NOK	Norwegian krone	7,8665	CNY	Chinese yuan renminbi	9,1426
BGN	Bulgarian lev	1,9558	HRK	Croatian kuna	7,4315
CZK	Czech koruna	24,490	IDR	Indonesian rupiah	12 082,89
HUF	Hungarian forint	270,70	MYR	Malaysian ringgit	4,2523
LTL	Lithuanian litas	3,4528	PHP	Philippine peso	60,709
LVL	Latvian lats	0,7092	RUB	Russian rouble	39,7535
PLN	Polish zloty	4,0348	THB	Thai baht	42,551
RON	Romanian leu	4,2633	BRL	Brazilian real	2,2283
TRY	Turkish lira	2,3344	MXN	Mexican peso	16,5510
			INR	Indian rupee	62,9710

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

Opinion of the Advisory Committee on restrictive agreements and dominant position at its meeting of 22 March 2011 concerning a draft decision relating to Case COMP/39.168 — PO/Haberdasheries: Fasteners

Rapporteur: Spain

(2011/C 210/11)

1. The Advisory Committee agrees with the European Commission's assessment on inability to pay.

2. The Advisory Committee agrees with the European Commission on the final amounts of the fine.

3. The Advisory Committee recommends the publication of its opinion in the *Official Journal of the European Union* but asks the Commission to take account of the extremely confidential nature of the case in deciding on timing and content of publication of this Opinion.

Summary of Commission Decision

of 31 March 2011

amending Decision C(2007) 4257 final of 19 September 2007 relating to a proceeding under Article 81 of the EC Treaty (now Article 101 of the Treaty on the Functioning of the European Union)

(Case COMP/39.168 — PO/Hard Haberdashery: Fasteners)

(notified under document C(2011) 2070)

(Only the German and French texts are authentic)

(2011/C 210/12)

On 31 March 2011, the Commission adopted a decision amending decision C(2007) 4257 final of 19 September 2007 relating to a proceeding under Article 81 of the EC Treaty (now Article 101 of the Treaty on the Functioning of the European Union). In accordance with the provisions of Article 30 of Council Regulation (EC) No 1/2003 ([1])*, the Commission herewith publishes the names of the parties and the main content of the decision, including any penalties imposed, having regard to the legitimate interest of undertakings in the protection of their business secrets.*

1. INTRODUCTION

(1) By a decision of 19 September 2007 ([2]), in case COMP/39.168 — PO/Hard Haberdashery: Fasteners relating to a proceeding pursuant to Article 81 of the EC Treaty (now Article 101 TFEU) (hereinafter 'the Fasteners Decision'), the Commission imposed a fine totalling EUR 40 538 000 on William Prym GmbH & Co. KG, Prym Inovan GmbH & Co. KG ([3]) and Éclair Prym Group SA ([4]) (hereinafter 'the company') because of practices found to be in contravention of Union competition law.

2. PROCEDURE

(2) The Fasteners Decision was notified to the company on 27 September 2007. On 7 December 2007, the company submitted an application to the General Court of the European Union (hereinafter the 'General Court') for annulment, or, in the alternative, for a reduction of the fine imposed on the company by the Fasteners Decision. In December 2008, the company introduced an application for interim measures (Case T-454/07 R) requesting a suspension of the execution of part of the fine and a release of part of the bank guarantee. The company subsequently withdrew its application and the interim measure proceedings were removed from the registry by order of the President of the General Court on 17 March 2009.

(3) Following a request by the company, the Commission carried out an assessment of the impact of the fine imposed in the Fasteners Decision on the company's financial situation and its alleged inability to pay by analogy to point 35 of the Guidelines on the method of setting fines imposed pursuant to Article 23(2)(a) of Regulation No 1/2003 ([5]).

(4) This assessment concluded that a reduction of the fine by EUR 25 million and of the corresponding interest accrued on the same amount since 27 December 2007, namely EUR 4 544 260,27 ([6]), is necessary in order to remove with reasonable likelihood the risk of the company's bankruptcy linked to the Commission's fine.

(5) The decision is adopted without prejudice to the validity of the remaining parts of the Fasteners Decision.

(6) The Advisory Committee on Restrictive Practices and Dominant Positions issued a favourable opinion on 22 March 2011.

3. ADDRESSEES

(7) The decision is addressed to William Prym GmbH & Co. KG, William Prym Holding GmbH and EP Group SA.

4. DECISION

(8) Article 2 of Decision C(2007) 4257 final of 19 September 2007, is amended as follows:

(a) the fourth indent of Article 2, paragraph 1 is replaced by the following:

— William Prym GmbH & Co. KG and William Prym Holding GmbH, jointly and severally liable: EUR 9 549 021;

(b) the third indent of Article 2, paragraph 3 is replaced by the following:

— William Prym GmbH & Co. KG and William Prym Holding GmbH, jointly and severally liable: EUR 2 578 615, of which EP Group SA is jointly and severally liable for: EUR 2 242 274;

([1]) OJ L 1, 4.1.2003, p. 1.
([2]) C(2007) 4257 final, summary published in OJ C 47, 26.2.2009, p. 8.
([3]) Now 'William Prym Holding GmbH'.
([4]) Now 'EP Group SA'.
([5]) OJ C 210, 1.9.2006, p. 2-5.
([6]) As of 30 March 2011.

(c) the first indent of Article 2, paragraph 4 is replaced by the following:

— William Prym GmbH & Co. KG and William Prym Holding GmbH, jointly and severally liable: EUR 3 410 364.

(9) By way of derogation from the second paragraph of Article 3 of Decision C(2007) 4257 final of 19 September 2007, the amount of interest accrued on the fine amount of EUR 25 000 000 since 27 December 2007, namely EUR 4 544 260,27 ([7]), is reduced to zero.

([7]) See footnote 6.

NOTICES FROM MEMBER STATES

Information communicated by Member States regarding State aid granted under Commission Regulation (EC) No 1857/2006 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001

(2011/C 210/13)

Aid No: SA.33085 (11/XA)

Member State: Spain

Region: Comunidad Valenciana

Title of aid scheme or name of company receiving an individual aid: Prestación de servicios a los apicultores valencianos que sean pymes, en materia de calidad de la miel y sanidad apícola

Legal basis: Resolución de … de … de 2011, de la Consellera de Agricultura, Pesca y Alimentación, por la que se concede una subvención nominativa al Centro Integrado Apícola Valenciano.

Annual expenditure planned under the scheme or overall amount of individual aid granted to the company: Annual overall amount of the budget planned under the scheme: EUR 0,04 million

Maximum aid intensity: 100 %

Date of implementation: —

Duration of scheme or individual aid award: 11 July 2011-31 December 2011

Objective of aid: Animal diseases (Article 10 of Regulation (EC) No 1857/2006), Production of quality agricultural products (Article 14 of Regulation (EC) No 1857/2006)

Sector(s) concerned: Raising of other animals

Name and address of the granting authority:

Dir. Gral. Prod. Agraria
Conselleria Agricultura, Pesca y Alimentación
C/ Amadeo de Saboya, 2
46010 Valencia
ESPAÑA

Website:

http://www.agricultura.gva.es/web/c/document_library/get_file?uuid=6cded651-7517-45ac-9f3d-500360e763cb&groupId=16

Other information: —

Aid No: SA.33247 (11/XA)

Member State: Spain

Region: Comunidad Valenciana

Title of aid scheme or name of company receiving an individual aid: Ayudas en materia de calidad avícola y alimentación animal

Legal basis: Resolución de 2011, de la Consellera de Agricultura, Pesca y Alimentación, por la que se concede una subvención en materia de calidad avícola y alimentación animal en la Comunidad Valenciana

Annual expenditure planned under the scheme or overall amount of individual aid granted to the company:

Overall amount of the ad hoc aid awarded to the undertaking: EUR 0,02 million

Annual overall amount of the budget planned under the scheme: EUR 0,02 million

Maximum aid intensity: 100 %

Date of implementation: —

Duration of scheme or individual aid award: 11 July 2011-1 November 2011

Objective of aid: Animal diseases (Article 10 of Regulation (EC) No 1857/2006)

Sector(s) concerned: Agriculture, forestry and fishing

Name and address of the granting authority:

Conselleria de Agricultura, Pesca y Alimentación
C/ Amadeo de Saboya, 2
46010 Valencia
ESPAÑA

Website:

http://www.agricultura.gva.es/web/c/document_library/get_file?uuid=eda858bb-ae87-4ebd-a099-abf9e6faa6b4&groupId=16

Other information: —

Aid No: SA.33290 (11/XA)

Member State: Germany

Region: Sachsen

Title of aid scheme or name of company receiving an individual aid: Gewährung von Beihilfen und sonstigen Leistungen durch die Sächsische Tierseuchenkasse

Legal basis:

— § 71 Tierseuchengesetz der Bundesrepublik Deutschland

— §§ 6, 7 und 18 Sächsisches Ausführungsgesetz zum Tierseuchengesetz (SächsAGTierSG)

— Leistungsatzung der Sächsischen Tierseuchenkasse

Annual expenditure planned under the scheme or overall amount of individual aid granted to the company: Annual overall amount of the budget planned under the scheme: EUR 5,30 million

Maximum aid intensity: 100 %

Date of implementation: —

Duration of scheme or individual aid award: 1 September 2013-31 December 2013

Objective of aid: Animal diseases (Article 10 of Regulation (EC) No 1857/2006), Technical support (Article 15 of Regulation (EC) No 1857/2006)

Sector(s) concerned: Crop and animal production, hunting and related service activities

Name and address of the granting authority:

Sächsische Tierseuchenkasse
Anstalt des öffentlichen Rechts
Löwenstraße 7
01099 Dresden
DEUTSCHLAND

Website:

http://www.recht.sachsen.de/Details.do?sid=3743011664533

http://www.tsk-sachsen.de/joomdocs/LeisSatzung.pdf

http://www.gesetze-im-internet.de/bundesrecht/viehseuchg/gesamt.pdf

Other information: —

Update of the list of border crossing points referred to in Article 2(8) of Regulation (EC) No 562/2006 of the European Parliament and of the Council establishing a Community Code on the rules governing the movement of persons across borders (Schengen Borders Code) (OJ C 316, 28.12.2007, p. 1; OJ C 134, 31.5.2008, p. 16; OJ C 177, 12.7.2008, p. 9; OJ C 200, 6.8.2008, p. 10; OJ C 331, 31.12.2008, p. 13; OJ C 3, 8.1.2009, p. 10; OJ C 37, 14.2.2009, p. 10; OJ C 64, 19.3.2009, p. 20; OJ C 99, 30.4.2009, p. 7; OJ C 229, 23.9.2009, p. 28; OJ C 263, 5.11.2009, p. 22; OJ C 298, 8.12.2009, p. 17; OJ C 74, 24.3.2010, p. 13; OJ C 326, 3.12.2010, p. 17; OJ C 355, 29.12.2010, p. 34; OJ C 22, 22.1.2011, p. 22; OJ C 37, 5.2.2011, p. 12; OJ C 149, 20.5.2011, p. 8; OJ C 190, 30.6.2011, p. 17; OJ C 203, 9.7.2011, p. 14)

(2011/C 210/14)

The publication of the list of border crossing points referred to in Article 2(8) of Regulation (EC) No 562/2006 of the European Parliament and of the Council of 15 March 2006 establishing a Community Code on the rules governing the movement of persons across borders (Schengen Borders Code) is based on the information communicated by the Member States to the Commission in conformity with Article 34 of the Schengen Borders Code.

In addition to the publication in the Official Journal, a regular update is available on the website of the Directorate-General for Home Affairs.

SLOVENIA

Replacement of the information published in OJ C 316, 28.12.2007

Section 'Sea borders' is replaced by the following:

Sea borders:

1. Koper–Capodistria

2. Piran–Pirano

V

(Announcements)

PROCEDURES RELATING TO THE IMPLEMENTATION OF COMPETITION POLICY

EUROPEAN COMMISSION

Prior notification of a concentration

(Case COMP/M.6306 — 3i Group/Action Holding)

Candidate case for simplified procedure

(Text with EEA relevance)

(2011/C 210/15)

1. On 11 July 2011, 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 3i Group plc (United Kingdom), acquire within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of the undertaking Action Holding B.V. (The Netherlands) by way of purchase of shares.

2. The business activities of the undertakings concerned are:

— for undertaking 3i: a private equity and alternative asset management company, holding investments in various sectors. 3i focuses on private equity, debt management and infrastructure investments, and is active mostly in Europe, Asia and Americas,

— for undertaking Action Holding B.V.: Action is active in the retail market for non-food and (to a limited extent) food products through retail stores in the Netherlands, Belgium and Germany.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of the EC Merger Regulation. However, the final decision on this point is reserved. Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under the EC Merger Regulation [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 22964301), by email to COMP-MERGER-REGISTRY@ec.europa.eu or by post, under reference number COMP/M.6306 — 3i Group/Action Holding, to the following address:

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

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[1] OJ L 24, 29.1.2004, p. 1 (the 'EC Merger Regulation').
[2] OJ C 56, 5.3.2005, p. 32 ('Notice on a simplified procedure').

Prior notification of a concentration

(Case COMP/M.6298 — Schneider Electric/Telvent)

Candidate case for simplified procedure

(Text with EEA relevance)

(2011/C 210/16)

1. On 11 July 2011, 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 Schneider Electric SA ('Schneider Electric', France) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of the undertaking Telvent GIT SA ('Telvent', Spain) by way of public bid.

2. The business activities of the undertakings concerned are:

— for Schneider Electric: holding of an international group of companies that designs, manufactures and sells products and systems in energy management,

— for Telvent: provision of IT global services and of high added value integrated automation solutions, mainly to the energy, transport, agriculture and environment sectors.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of the EC Merger Regulation. However, the final decision on this point is reserved. Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under the EC Merger Regulation [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 22964301), by email to COMP-MERGER-REGISTRY@ec.europa.eu or by post, under reference number COMP/M.6298 — Schneider Electric/Telvent, to the following address:

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

(1) OJ L 24, 29.1.2004, p. 1 (the 'EC Merger Regulation').
(2) OJ C 56, 5.3.2005, p. 32 ('Notice on a simplified procedure').

Prior notification of a concentration

(Case COMP/M.6322 — Carlyle/RAC)

Candidate case for simplified procedure

(Text with EEA relevance)

(2011/C 210/17)

1. On 6 July 2011, 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 Stag Bidco Limited (UK), acquisition vehicle formed and controlled by Carlyle Group (UK) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of the undertaking RAC Limited (UK) by way of purchase of shares

2. The business activities of the undertakings concerned are:

— for Carlyle Group: asset manager, which sponsors funds that invest globally in a range of industries,

— for RAC Limited: active mainly in breakdown services, as well as insurance broking and legal and motor claims services.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of the EC Merger Regulation. However, the final decision on this point is reserved. Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under the EC Merger Regulation [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 22964301), by email to COMP-MERGER-REGISTRY@ec.europa.eu or by post, under reference number COMP/M.6322 — Carlyle/RAC, to the following address:

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

(1) OJ L 24, 29.1.2004, p. 1 (the 'EC Merger Regulation').
(2) OJ C 56, 5.3.2005, p. 32 ('Notice on a simplified procedure').

NOTICES FROM MEMBER STATES

V *Announcements*

PROCEDURES RELATING TO THE IMPLEMENTATION OF COMPETITION POLICY

European Commission

EN

[1] Text with EEA relevance

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