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I

(Resolutions, recommendations and opinions)

RECOMMENDATIONS

COUNCIL

COUNCIL RECOMMENDATION

of 21 June 2013

with a view to bringing an end to the situation of an excessive government deficit in Malta

(2013/C 180/01)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 126(7) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) According to Article 126 of the Treaty, Member States are to avoid excessive government deficits.

(2) The Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth conducive to employment creation.

(3) On 21 June 2013, the Council decided, in accordance with Article 126(6) of the Treaty, that an excessive deficit existed in Malta.

(4) In accordance with Article 126(7) of the Treaty and Article 3 of Council Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure [1], the Council is required to address recommendations to the Member State concerned with a view to bringing the situation of an excessive deficit to an end within a given period. The Recommendation has to establish a maximum deadline of 6 months for effective action to be taken by the Member State concerned to correct the excessive deficit. Furthermore, in a recommendation to correct an excessive deficit the Council requests the achievement of annual budgetary targets which, on the basis of the forecast underpinning the recommendation, are consistent with a minimum annual improvement in the structural balance, that is, the cyclically-adjusted balance excluding one-off and other temporary measures, of at least 0,5 % of GDP as a benchmark.

(5) In accordance with Article 2 of Regulation (EC) No 1467/97, the budgetary target recommended for the final year of the correction period must ensure that the required reduction in the differential between the debt-to-GDP level and the 60 %-of-GDP Treaty reference value will occur over the two years following the correction of the excessive deficit, based on the Commission forecast.

(6) The Commission 2013 spring forecast projects that the deficit will continue to be above the reference value in 2013 and 2014, respectively at 3,7 % and 3,6 % of GDP. Those budgetary projections are based on current policies, thus incorporating the 2013 budget that was endorsed by Parliament in April 2013, which includes expansionary measures on both the revenue and expenditure side as well as the already planned equity injection into Air Malta (0,6 % of GDP), with a net deficit-increasing impact of 0,3 % of GDP. The expansionary measures are only partially compensated by increases in excise duties, the collection of tax arrears as well as the expenditure savings and higher social contributions stemming from the 2006 pension reform. In addition, the contribution of net deficit-reducing one-offs, as identified by the Commission, to the consolidation effort would fall sharply after 2012. Due to the expected continued primary deficits in 2013 and 2014, the general government debt, according to the

[1] OJ L 209, 2.8.1997, p. 6.

Commission 2013 spring forecast, is projected to rise further, to 73,9 % of GDP in 2013 and to 74,9 % of GDP in 2014. In 2015 and 2016, the general government deficit is projected to remain above the 3 % of GDP reference value, and the debt-to-GDP ratio would increase to 75,6 % of GDP by 2016.

(7) According to Regulation (EC) No 1467/97, the correction of the excessive deficit should be completed in the year following its identification, unless there are special circumstances. A correction of the excessive deficit by 2014 is therefore justified. In particular, a credible and sustainable adjustment path would require Malta to reach a headline general government target of 3,4 % of GDP for 2013 and 2,7 % of GDP in 2014, which is consistent with an annual improvement of the structural balance of 0,7 % of GDP in 2013 and 0,7 % of GDP in 2014. The 2014 target ensures that the required reduction in the differential between the debt-to-GDP level and the 60 %-of-GDP Treaty reference value will occur over the two years following the correction of the excessive deficit procedure. To reach the above mentioned structural targets, Malta would need to adopt additional consolidation measures of around 0,4 % of GDP in 2013, on top of the measures already included in the baseline scenario, and around 0,75 % of GDP in 2014. These targets take into account the need to compensate for the negative second-round effects of fiscal consolidation on public finances, through its impact on GDP growth. The baseline scenario on which this adjustment path is built incorporates the Commission 2013 spring forecast and extends it up to 2016 relying on standard assumptions about the closure of the output gap and the sensitivity of the budget to the cycle; it does not include, however, the additional capital injection into Air Malta that is planned in 2015 according to the 2013 stability programme. It is thus assumed that the capital injection will not take place or be offset by measures in the opposite direction.

(8) Malta's fiscal framework is quite flexible, and its non-binding nature and the short horizon of fiscal planning are not supportive of a sound fiscal position. Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States [1] has not yet been transposed. Moreover, in accordance with Article 5 of Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area [2], Malta should put in place independent bodies for monitoring compliance with fiscal rules. While the stability programme states the intention of the government to set up a fiscal council, no concrete plans are laid out.

(9) In accordance with Article 9(1) of Regulation (EU) No 473/2013, Malta should present to the Commission and to the Council an economic partnership programme, simultaneously with the report to be submitted in accordance with Article 3(4a) of Regulation (EC) No 1467/97.

(10) In the view of the Council, budgetary consolidation measures should secure a lasting improvement in the general government balance, while being geared towards enhancing the quality of the public finances and reinforcing the growth potential of the economy,

HAS ADOPTED THIS RECOMMENDATION:

(1) Malta should put an end to the present excessive deficit situation by 2014.

(2) Specifically, Malta should:

(a) reach a headline general government deficit target of 3,4 % of GDP in 2013 and 2,7% of GDP in 2014, which is consistent with an annual improvement of the structural balance of 0,7 % of GDP in 2013, and 0,7 % of GDP in 2014; this adjustment path would allow the headline government deficit to be brought below the 3 % of GDP reference value by 2014 while at the same time ensuring that the government gross debt ratio approaches the 60 %-of-GDP reference value at a satisfactory pace;

(b) specify and rigorously implement the measures necessary to achieve the correction of the excessive deficit by 2014, and use all windfall gains for deficit reduction.

(3) The Council establishes the deadline of 1 October 2013 for Malta to take effective action and, in accordance with Article 3(4a) of Regulation (EC) No 1467/97, to report in detail the consolidation strategy that is envisaged to achieve the targets.

Following the correction of the excessive deficit, Malta is invited to continue making progress at an appropriate pace towards its medium-term objective of a balanced budget in strcutral terms, including by meeting the expenditure benchmark. To limit risks to budgetary execution, the Council invites Malta to strengthen the effectiveness of its budgetary framework and improve the monitoring of budget execution throughout the year. In particular, Malta is invited to put in place a more binding, rule-based multiannual fiscal framework. In addition, the role of independent bodies monitoring fiscal policy should be strengthend, in accordance with Article 5 of Regulation (EU) No 473/2013.

[1] OJ L 306, 23.11.2011, p. 41.
[2] OJ L 140, 27.5.2013, p. 11.

Finally, to ensure the success of the fiscal consolidation strategy, the Maltese authorities are invited to back the fiscal consolidation with comprehensive structural reforms, in line with the Council recommendations addressed to Malta in the context of the European Semester and in particular those related to the preventive arm of the Macroeconomic Imbalances Procedure ([1]).

This Recommendation is addressed to Malta.

Done at Luxembourg, 21 June 2013.

For the Council

The President

M. NOONAN

([1]) All documents related to the excessive deficit procedure of Malta can be found at: http://ec.europa.eu/economy_finance/economic_governance/sgp/deficit/countries/malta_en.htm

COUNCIL RECOMMENDATION

of 21 June 2013

with a view to bringing an end to the situation of an excessive government deficit in Spain

(2013/C 180/02)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union and in particular Article 126(7) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) According to Article 126 of the Treaty on the Functioning of the European Union (TFEU) Member States are to avoid excessive government deficits.

(2) The Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth conducive to employment creation.

(3) On 27 April 2009, the Council decided, in accordance with Article 104(6) of the Treaty establishing the European Community (TEC), that an excessive deficit existed in Spain and issued a recommendation to correct the excessive deficit by 2012 [1] (the Council Recommendation of 27 April 2009), in accordance with Article 104(7) TEC and Article 3 of Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure [2].

(4) On 2 December 2009, the Council decided, in accordance with Article 3(5) of Regulation (EC) No 1467/97, that effective action had been taken by Spain and that unexpected adverse economic events with major unfavourable consequences for government finances had occurred after the adoption of Council Recommendation of 27 April 2009. In particular, the sharp deterioration in the growth outlook in the wake of the global economic and financial crisis had major negative budgetary implications. As a result, the Council decided to adopt a revised recommendation under Article 126(7) TFEU (the Council Recommendation of 2 December 2009) to correct the excessive deficit by 2013 at the latest in a credible and sustainable manner by taking action in a medium-term framework.

(5) On 15 June 2010, the Commission concluded that Spain had taken effective action in compliance with the Council Recommendation of 2 December 2009 to bring its government deficit below the 3 %-of-GDP reference value and considered that no additional step in the excessive deficit procedure (EDP) was therefore necessary.

(6) On 10 July 2012, the Council decided, in accordance with Article 3(5) of Regulation (EC) No 1467/97 that effective action had been taken but that unexpected adverse economic events with major unfavourable consequences for government finances had occurred after the adoption of the Council Recommendation of 2 December 2009. In particular, a worsening in the growth outlook and the shift to a less tax-rich growth composition had major negative budgetary implications. The Council therefore adopted a revised Recommendation under Article 126(7) TFEU (the Council Recommendation of 10 July 2012) and recommended Spain to correct the excessive deficit by 2014 at the latest. In order to bring the headline government deficit below the 3 % of GDP reference value by 2014, Spain was recommended to deliver an improvement of the structural balance of 2,7 % of GDP in 2012, 2,5 % of GDP in 2013 and 1,9 % of GDP in 2014, based on the Commission services' update of the 2012 spring forecast. The headline deficit targets were set at 6,3 % of GDP for 2012, 4,5 % of GDP for 2013 and 2,8 % of GDP in 2014. Spain was also recommended to implement the measures adopted in the 2012 budget and in the Autonomous Communities' rebalancing plans and to adopt the announced multi-annual budget plan for 2013-14 by the end of July 2012, including a medium-term budgetary strategy, which would fully specify the structural measures necessary to achieve the correction of the excessive deficit by 2014.

(7) On 14 November 2012, the Commission concluded, based on the Commission services' 2012 autumn forecast, that Spain had taken effective action in compliance with the Council Recommendation of 10 July 2012 and that no further steps in the EDP were required.

(8) According to Article 3(5) of Regulation (EC) No 1467/97, the Council may decide, on a recommendation from the Commission, to adopt a revised recommendation under Article 126(7) TFEU, if effective action has been taken and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of the original recommendation. Under Article 3(5) of that

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[1] All documents related to the excessive deficit procedure for Spain can be found online (http://ec.europa.eu/economy_finance/economic_governance/sgp/deficit/countries/spain_en.htm)

[2] OJ L 209, 2.8.1997, p. 6.

Regulation, the occurrence of unexpected adverse economic events with major unfavourable budgetary effects is to be assessed against the economic forecast underlying the Council Recommendation.

(9) In accordance with Article 126(7) of the TFEU and Article 3 of Regulation (EC) No 1467/97, the Council is required to make recommendations to the Member State concerned with a view to bringing the situation of excessive deficit to an end within a given period. The Recommendation has to establish a maximum deadline of 6 months for effective action to be taken by the Member State concerned to correct the excessive deficit. Furthermore, in a recommendation to correct an excessive deficit the Council requests the achievement of annual budgetary targets which, on the basis of the forecast underpinning the recommendation, are consistent with a minimum annual improvement in the structural balance, namely, the cyclically-adjusted balance excluding one-off and other temporary measures, of at least 0,5 % of GDP as a benchmark. In accordance with Articles 9(1) and 17(2) of Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area [1], Spain should present an economic partnership programme.

(10) After a short-lived recovery in 2011, the economy has slipped back into recession, recording negative quarterly real GDP growth since the third quarter of 2011. In annual terms, GDP fell by 1,4 % in 2012. According to the Commission services' 2013 spring forecast, the recession is set to continue in 2013, with positive net exports still not able to offset the ongoing contraction of domestic demand. Output is expected to stabilise only towards the end of 2013. Real GDP is thus projected to contract by 1,5 % in 2013, before growing by 0,9 % in 2014 (under a no-policy-change assumption). At the time of the last Council recommendation, real GDP was expected to contract by 1,9 % and 0,3 % in 2012 and 2013, respectively, and to grow by 1,1 % in 2014. The less negative growth outcome in 2012 was mainly due to somewhat more resilient domestic demand possibly also due to the liquidity injected through the repayment scheme for the commercial debt accumulated by the regions and local authorities before 1 January 2012 (EUR 27,4 billion, or 2,6 % of GDP). With regards to 2013 and 2014, the Commission services' 2013 spring forecast envisages a sharper contraction of real GDP in 2013 and a more subdued recovery in 2014. This includes a sharper drop in domestic demand in both years and a more protracted slump in employment. The deterioration in the macroeconomic outlook is partly linked to additional consolidation measures included in the 2013-14 budget plan and the 2013 budget being taken into account.

(11) According to the Commission services' 2013 spring forecast, the general government deficit reached 10,6 % of GDP in 2012, compared with a government and EDP target of 6,3 % of GDP and a 9,4 % of GDP outcome in 2011. Adjusting for capital transfers to banks (which are considered as one-off operations), the corresponding deficits were 7,0 % and 9,0 % of GDP in 2012 and 2011, respectively. The decrease in the headline balance corresponds to an improvement in the primary balance of 2,4 percantage points (net of capital transfers into banks), against the background of a shrinking economy and a tax-weak growth composition. The Commission services' 2013 spring forecast points to an improvement in the structural deficit of 1,8 percantage points in 2012, compared with a recommended improvement of 2,7 percentage points. Correcting for the slight downward revision of potential output since the last Council Recommendation, the estimated fiscal effort remains unchanged. However, the estimated change in the structural balance was severely affected by unexpected revenue shortfalls, which amounted to around 1,0 percentage point Overall, taking these effects into account, the adjusted fiscal effort would increase to 2,9 percentage points, above the recommended effort under the Council Recommendation of 10 July 2012. Apart from recapitalisation measures, the budgetary deviation in 2012 is linked to a combination of weaker-than-expected revenues (taking into account the impact of discretionary measures and the base effect) and higher intermediate consumption and social transfers. The less tax-rich growth composition and a stronger deterioration in the labour market implied major revenue shortfalls, in particular of direct and indirect taxes, as well as higher social expenditure. Spain adopted sizeable consolidation measures during 2012, amounting to around 4 % of GDP, including around 1,5 % of GDP on the revenue side and 2,5 % of GDP on the expenditure side. Those measures partly compensated also for an underlying deterioration in the structural balance due to rising interest payments and higher social transfers.

(12) For 2013, according to the Commission services' 2013 spring forecast, the government deficit is projected to decline to 6,5 % of GDP, compared to the EDP target of 4,5 % of GDP. The primary balance is expected to improve by 4,5 percentage points (0,9 percentage points net of capital transfers into banks). Following the last Council Recommendation, the Spanish government presented, in August 2012, a multi-annual budget plan for 2013-14, outlining some features of the consolidation strategy for the mediumterm. In total, the budgetary impact of discretionary measures in 2013 is estimated to be about 1 % of GDP on the expenditure side and about 1,5 % of GDP on the revenue side. The expected budgetary deviation of around 2 % of GDP compared with the EDP target is partly explained by the worse starting position. However, the main factor behind the deviation is the unfavourable growth composition, with private consumption contracting more strongly and the labour market performing worse than expected in the Council Recommendation of

(1) OJ L 140, 27.5.2013, p. 11.

10 July 2012. The Commission services' 2013 spring forecast projects the structural deficit to further narrow by 1,1 percentage points in 2013, compared with a recommended effort of 2,5 percentage points Correcting for the change in the estimated potential growth and for higher-than expected revenue shortfalls, the estimated fiscal effort improves by 1,4 percentage points, bringing the adjusted fiscal effort to 2,5 % of GDP, in line with the recommended effort in the Council Recommendation of 10 July 2012. In its 2013 Stability Programme, the Spanish government announced a general government deficit target of 6,3 % of GDP for 2013, to be underpinned by additional consolidation measures of around EUR 3 billion (0,3 % of GDP) still to be adopted and implemented this year.

(13) According to the Commission services' 2013 spring forecast, for 2014, the headline deficit is expected to widen to 7,0 % of GDP compared to an EDP target of 2,8 % of GDP. The primary deficit would widen by 0,4 % of GDP. Apart from the base effect, the expected deviation mainly reflects the expiry of temporary measures taken in previous years and the fact that the planned consolidation measures for 2014 were not sufficiently specified in the August 2012 multi-annual budget plan to be included in the Commission services' forecast. Moreover, the composition of economic growth would continue to be tax-poor, with social contributions and indirect taxes not rising in full proportion to nominal GDP. Interest payments would also keep rising due to a higher debt stock. According to the Commission services' 2013 spring forecast, the structural deficit is projected to deteriorate by 1,1 percentage points, compared to a recommended improvement of 1,9 % of GDP. Correcting for the change in the estimated potential growth and unexpected revenue shortfalls, the gap increases by a further 0,2 percentage points.

(14) As regards fiscal governance, major progress has been made in the reporting of budgetary execution at sub-central government levels. However, the provisions of the Budgetary Stability Law on early warning and corrective mechanisms to limit budgetary deviations have not been fully effective and the transparency of their implementation could be enhanced. Despite progress with respect to budgetary reporting at regional level, achieving higher fiscal transparency would require more comprehensive, consistent and timely reporting, also of budgetary plans, on a consolidated general government basis in line with the European System of Accounts. The establishment of a fiscal council, with full institutional and financial independence, is still pending.

(15) General government gross debt rose to around 84 % of GDP in 2012 compared to 80,9 % of GDP projected in the updated Commission services' 2012 spring forecast. The increase in the debt ratio was due to a higher than expected deficit outcome, lower nominal GDP growth, costs of bank recapitalisation operations and the payment of public administration arrears. According to the Commission services' 2013 spring forecast, the debt-to-GDP ratio is expected to increase further and to exceed 95 % in 2014, based on a no-policy-change scenario, thus exceeding the Treaty reference value in all years.

(16) On 10 April 2013, the Commission concluded, based on its 2013 in-depth review on Spain under the Macroeconomic Imbalances Procedure [1], that Spain is experiencing excessive macroeconomic imblances. The correction of these imbalances accumulated during the boom years, and in particular the absorption of very high private and external debt levels, are having major negative consequences on economic growth, financial stability and public finances. A sustainable correction of the excessive deficit in the medium-term requires simultaneous progress on ensuring the correction of macroeconomic imbalances, supported by structural reforms to boost growth and employment creation and to reduce structural rigidities that hamper the adjustment.

(17) According to the Commission services' 2013 spring forecast, Spain will not meet the nominal budgetary targets established in the Council Recommendation of 10 July 2012. However, Spain has implemented a structural effort in 2012 and 2013 which, account taken of the unexpected adverse economic developments compared to when the Council Recommendation was issued, is in line with the Council Recommendation of 10 July 2012. Those unexpected adverse economic developments have entailed major unfavourable consequences for government finances. In particular, significant revenue shortfalls linked to the ongoing rebalancing of the economy towards a less tax-rich growth structure and associated negative effects on revenue elasticites have led to a substantial deterioration in the budgetary position. Moreover, the economic recession has affected employment in a very negative way and unemployment has risen sharply. Considering all these factors, consistent with the rules of the Stability and Growth Pact and including the need to correct excessive macroeconomic imbalances with major unfavourable consequences for public finance, an extension of the deadline for

[1] http://ec.europa.eu/economy_finance/publications/occasional_paper/2013/op134_en.htm

correcting the excessive deficit in Spain by two years to 2016 appears to be justified, rather than the one-year extension that the Stability and Growth Pact foresees as a rule.

(18) Against the background of high uncertainties regarding economic and budgetary developments, the budgetary target recommended for the final year of the correction period should be set at a level clearly below the reference value, in order to guarantee an effective and lasting achievement of the correction within the requested deadline.

(19) The intermediate headline deficit targets leading to the correction of the excessive deficit by 2016 are set at 6,5 % of GDP for 2013, 5,8 % of GDP for 2014, 4,2 % of GDP for 2015, and 2,8 % of GDP for 2016. Achieving those targets requires an annual improvement in the primary balance (net of one-off measures) of 1,3 % of GDP on average over the period 2013-16 and, on the basis of the Commission services' 2013 spring forecast extended to 2016, an improvement in the structural budget balance of 1,1 % of GDP in 2013, 0,8 % of GDP in 2014, 0,8 % of GDP in 2015, and 1,2 % of GDP in 2016. This more gradual adjustment path takes into account the current difficult economic environment and the ongoing major structural transformation of the Spanish economy and will have to be supported by ambitious structural reforms. As such, it is expected to support the unwinding of external and internal macroeconomic imbalances, mitigate the negative short-term impact of fiscal consolidation on economic growth, while still stabilising and reversing the upward trend in general government debt.

(20) According to the Commission services' 2013 spring forecast extended to 2016, which is based on a no-policy-change assumption, no additional measures appear needed at this stage to achieve the recommended improvement in the structural balance for 2013 (and the new 6,5 % of GDP deficit target), but the budgetary plans at all levels of government will have to be strictly implemented. For the period 2014-16, bringing the deficit below the Treaty reference value on a sustainable basis will require considerable structural fiscal measures on top of those already included in the Commission services' 2013 spring forecast. Those measures, amounting to around 2 % of GDP in 2014, 1 % of GDP in 2015, and 1,5 % of GDP in 2016 should take into account the need to compensate for the negative second-round effects, negative potential output growth, as well as rising interest and social payments.

(21) The 2013 Stability Programme envisages an adjustment path which is broadly consistent with the correction of the excessive deficit by 2016, targeting headline deficits of 6,3 % of GDP in 2013, 5,5 % in 2014, 4,1 % in 2015, and 2,7 % in 2016. For 2013, the target is based on additional consolidation measures of around EUR 3 billion envisaged in the Programme, which still need to be fully specified.

(22) Budgetary consolidation measures should secure a lasting improvement in the general government balance, while being geared towards enhancing the quality of the public finances and reinforcing the growth potential of the economy.

(23) Spain faces high risks to sustainability in a medium-term perspective and medium risks in the long run. Returning to a higher structural primary balance, around – 0,5 % of GDP as it was on average in the period 1998-2012, would help contain these risks. The 2013 reform of early retirement schemes is expected to contribute to the long-term sustainability of the social security system. However, further measures to contain age-related expenditure growth appears necessary, namely by means of the appropriate regulation of the sustainability factor foreseen by the 2011 reform of the pension system, including by providing that the retirement age will rise in line with gains in life expectancy.

(24) In view of the decentralised nature of its public finances, Spain's fiscal adjustment path should be underpinned by a credible medium-term consolidation strategy that includes: (i) a detailed multi-annual budget plan with full specification of measures for 2014-16; (ii) further strengthening the effectiveness of the institutional framework (by raising further the transparency in implementation of the Budgetary Stability Law as well as by establishing an independent fiscal council); (iii) undertaking concrete steps to rein in the mounting structural deficit in the social security system; and (iv) giving a greater emphasis to the growth friendliness of the consolidation (including by conducting systematic expenditure reviews as well as reviews of the tax system).

(25) In parallel to the regular reviews of the ESM Financial Assistance for the Recapitalisation of Financial Institutions in Spain [1] and as agreed in the Memorandum of Understanding signed on 23 July 2012, monitoring of progress on implementation of Spain's EDP commitments will be carried out on a quarterly basis.

[1] http://ec.europa.eu/economy_finance/assistance_eu_ms/spain/index_en.htm

(26) Spain fulfils the conditions for the extension of the deadline for correcting the excessive general government deficit as laid down in Article 3(5) of Regulation (EC) No 1467/97,

HAS ADOPTED THIS RECOMMENDATION:

(1) Spain should put an end to the present excessive deficit situation by 2016.

(2) Spain should reach a headline deficit target of 6,5 % of GDP in 2013, 5,8 % of GDP in 2014, 4,2 % of GDP in 2015, and 2,8 % of GDP in 2016, which is consistent with an improvement of the structural balance of 1,1 %, 0,8 %, 0,8 %, and 1,2 % of GDP in the years 2013-16 respectively based on the Commission services' 2013 spring forecast extended to 2016.

(3) Spain should implement the measures adopted in the 2013 budget plans at all levels of government and stand ready to take corrective action in case of deviations from budgetary plans. The authorities should reinforce the medium-term budgetary strategy with well-specified structural measures for the years 2014-16 that are necessary to achieve the correction of the excessive deficit by 2016.

(4) The Council establishes the deadline of 1 October 2013 for the Spanish government to take effective action and, in accordance with Article 3(4a) of Regulation (EC) No 1467/97, to report in detail the consolidation strategy that is envisaged to achieve the targets.

Furthermore, Spain should:

(a) strengthen the effectiveness of the institutional framework by raising further the transparency in implementation of the Budgetary Stability Law as well as by establishing an independent fiscal council to provide analysis, advice and monitor compliance of fiscal policy with national and Union fiscal rules;

(b) undertake concrete steps to rein in the increasing structural deficit in the social security system; and

(c) give a greater emphasis to the growth friendliness of the consolidation, including by conducting systematic reviews of expenditure and the tax system.

Finally, to ensure the success of the fiscal consolidation strategy, it will be important to back the fiscal consolidation by comprehensive structural reforms, in line with the Council Recommendations addressed to Spain in the context of the European Semester and the Macroeconomic Imbalances Procedure.

This Recommendation is addressed to the Kingdom of Spain.

Done at Luxembourg, 21 June 2013.

For the Council

The President

M. NOONAN

II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

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

(2013/C 180/03)

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

Amendments to the Harmonised System Explanatory Notes and the Compendium of Classification Opinions, approved by the Customs Cooperation Council (CCC doc. NC1819 — report of the 50th Session of the HS Committee):

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

(50th SESSION OF THE HSC IN SEPTEMBER 2012)

DOC. NC1819

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

35.07	L/5
Chapter 40 — General	L/20
56.02	L/20
56.03	L/20
59.03	L/20
59.06	L/20
84.15	L/8
84.35	L/10
84.38	L/10
84.73	L/12
85.09	L/10
Chapter 87 — General	L/14
87.03	L/16, L/21
87.04	L/16
87.11	L/16

Classification Opinions approved by the HS Committee

1704.90/9	L/2
3004.90/2	L/4
6304.91/2	L/6
8415.10/1	L/7
8419.89/3	L/9
8471.30/2-3	L/11
8523.51/4-5	L/13
8704.21/2	L/15
8704.31/4-5	L/15
9018.90/2	L/17

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

http://ec.europa.eu/comm/taxation_customs/customs/customs_duties/tariff_aspects/harmonised_system/index_en.htm

Non-opposition to a notified concentration

(Case COMP/M.6613 — Watson/Actavis)

(Text with EEA relevance)

(2013/C 180/04)

On 5 October 2012, 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 32012M6613. EUR-Lex is the on-line access to the European law.

IV

(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

COUNCIL

COUNCIL DECISION
of 25 June 2013
appointing a member of the Court of Auditors

(2013/C 180/05)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 286(2) thereof,

Having regard to the opinion of the European Parliament [1],

Whereas:

(1) The term of office of Mr Ovidiu ISPIR is due to expire on 30 June 2013.

(2) A new appointment should therefore be made,

HAS ADOPTED THIS DECISION:

Article 1

Mr George PUFAN is hereby appointed member of the Court of Auditors for the period from 1 July 2013 to 30 June 2019.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Luxembourg, 25 June 2013.

For the Council

The President

E. GILMORE

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[1] Opinion of 12 June 2013 (not yet published in the Official Journal).

EUROPEAN COMMISSION

Euro exchange rates [1]

25 June 2013

(2013/C 180/06)

1 euro =

	Currency	Exchange rate		Currency	Exchange rate
USD	US dollar	1,3134	AUD	Australian dollar	1,4156
JPY	Japanese yen	127,79	CAD	Canadian dollar	1,3770
DKK	Danish krone	7,4593	HKD	Hong Kong dollar	10,1876
GBP	Pound sterling	0,84860	NZD	New Zealand dollar	1,6939
SEK	Swedish krona	8,7683	SGD	Singapore dollar	1,6637
CHF	Swiss franc	1,2268	KRW	South Korean won	1 513,98
ISK	Iceland króna		ZAR	South African rand	13,1090
NOK	Norwegian krone	7,9800	CNY	Chinese yuan renminbi	8,0707
BGN	Bulgarian lev	1,9558	HRK	Croatian kuna	7,4775
CZK	Czech koruna	25,788	IDR	Indonesian rupiah	13 039,26
HUF	Hungarian forint	296,85	MYR	Malaysian ringgit	4,1799
LTL	Lithuanian litas	3,4528	PHP	Philippine peso	56,825
LVL	Latvian lats	0,7019	RUB	Russian rouble	43,0380
PLN	Polish zloty	4,3190	THB	Thai baht	40,650
RON	Romanian leu	4,4697	BRL	Brazilian real	2,8989
TRY	Turkish lira	2,5315	MXN	Mexican peso	17,2858
			INR	Indian rupee	78,3770

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

NOTICES FROM MEMBER STATES

Commission information notice pursuant to Article 17(5) of Regulation (EC) No 1008/2008 of the European Parliament and of the Council on common rules for the operation of air services in the Community

Invitation to tender in respect of the operation of scheduled air services in accordance with public service obligations

(Text with EEA relevance)

(2013/C 180/07)

Member State	Italy
Route concerned	Alghero–Rome Fiumicino and vice versa
Period of validity of the contract	A period of 4 years starting on 27 October 2013
Deadline for submission of tenders	Two months after the publication of this notice
Address where the text of the invitation to tender and any relevant information and/or documentation related to the public tender and the public service obligations can be obtained	For further information, please contact: Regione Autonoma della Sardegna Assessorato dei trasporti Via XXIX Novembre 41 09123 Cagliari CA ITALIA Tel. +39 0706067308 Fax +39 0706067338 E-mail: trasp.osp@regione.sardegna.it Internet: http://www.regione.sardegna.it http://www.mit.gov.it

Commission information notice pursuant to Article 17(5) of Regulation (EC) No 1008/2008 of the European Parliament and of the Council on common rules for the operation of air services in the Community

Invitation to tender in respect of the operation of scheduled air services in accordance with public service obligations

(Text with EEA relevance)

(2013/C 180/08)

Member State	Italy
Route concerned	Alghero–Milan Linate and vice versa
Period of validity of the contract	A period of four years starting on 27 October 2013
Deadline for submission of tenders	Two months after the publication of this notice
Address where the text of the invitation to tender and any relevant information and/or documentation related to the public tender and the public service obligations can be obtained	For further information, please contact: Regione Autonoma della Sardegna Assessorato dei trasporti Via XXIX Novembre 41 09123 Cagliari CA ITALIA Tel. +39 0706067308 Fax +39 0706067338 E-mail: trasp.osp@regione.sardegna.it Internet: http://www.regione.sardegna.it http://www.mit.gov.it

V

(Announcements)

PROCEDURES RELATING TO THE IMPLEMENTATION OF COMPETITION POLICY

EUROPEAN COMMISSION

Prior notification of a concentration

(Case COMP/M.6607 — US Airways/American Airlines)

(Text with EEA relevance)

(2013/C 180/09)

1. On 18 June 2013, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ([1]) by which US Airways Group ('US Airways', United States) enters into a full merger within the meaning of Article 3(1)(a) of the Merger Regulation with AMR Corporation ('AMR', United States).

2. The business activities of the undertakings concerned are:

— for US Airways: U.S. flag commercial airline providing scheduled air passenger and air cargo transport services,

— for AMR: scheduled air passenger and air cargo transport services under the brand name American Airlines.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope the EC Merger Regulation. However, the final decision on this point is reserved.

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

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (+32 22964301), by e-mail to COMP-MERGER-REGISTRY@ec.europa.eu or by post, under reference number COMP/M.6607 — US Airways/American Airlines, to the following address:

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

([1]) OJ L 24, 29.1.2004, p. 1 (the 'EC Merger Regulation').

OTHER ACTS

EUROPEAN COMMISSION

Publication of an application pursuant to Article 50(2) point (a) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs

(2013/C 180/10)

This publication confers the right to oppose the application pursuant to Article 51 of Regulation (EU) No 1151/2012 of the European Parliament and of the Council [1].

SINGLE DOCUMENT

COUNCIL REGULATION (EC) No 510/2006

on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2]

'PEMBROKESHIRE EARLIES'/'PEMBROKESHIRE EARLY POTATOES'

EC No: GB-PGI-0005-01087-29.01.2013

PGI (X) PDO ( )

1. **Name**

'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes'

2. **Member State or third country**

United Kingdom

3. **Description of the agricultural product or foodstuff**

3.1. *Type of product*

Class 1.6. Fruits, vegetables and cereals fresh or processed

3.2. *Description of product to which the name in (1) applies*

'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' is the name given to immature potatoes of the *Solanum tuberosum* species of the *Solanaceae* family. They must be planted, grown and harvested in the defined area, the county of Pembrokeshire in West Wales.

The potato is small in size (15-70 mm in diameter) is round or oval in shape with a soft skin and distinctive strong fresh, earthy, nutty flavour and aroma. It has a creamy texture and white to a light yellow colour which is consistent throughout the potato. The seed tubers are planted from mid February each year (but can be as early as late January on coastal frost-free land) and are harvested from the beginning of May until the end of July. This is much earlier than in other parts of Wales, as the warmer climate and fertile, free-working and free-draining soils in the designated area means that there is a lower risk of frost than elsewhere in inland Wales.

(1) OJ L 343, 14.12.2012, p. 1.
(2) OJ L 93, 31.3.2006, p. 12. Replaced by Regulation (EU) No 1151/2012.

The unique qualities of 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' derive from the mild climate and unique soils of Pembrokeshire which enable the potatoes to be planted, grown and harvested early in the year. Their short growing season and freshness produces their fresh distinctive 'earthy' early potato flavour.

The potatoes are sold either loose by weight or packaged in a range of weights according to customer requirements.

3.3. *Raw materials (for processed products only)*

—

3.4. *Feed (for products of animal origin only)*

—

3.5. *Specific steps in production that must take place in the identified geographical area*

'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' must be planted, grown and harvested in the designated area.

3.6. *Specific rules concerning slicing, grating, packaging, etc.*

—

3.7. *Specific rules concerning labelling*

Labelling must include either the term 'Pembrokeshire Early Potatoes' or 'Pembrokeshire Earlies'.

4. **Concise definition of the geographical area**

The county of Pembrokeshire in West Wales.

5. **Link with the geographical area**

5.1. *Specificity of the geographical area*

The county of Pembrokeshire is situated in the western most point of Wales and is surrounded by the sea on three sides. Pembrokeshire benefits from the warmth generated by the sea which is warmed by the North Atlantic Drift of the Gulf Stream. The Gulf Stream is a warm current that keeps the western coast of Great Britain warmer than the eastern side. It is the warming effect of the sea and equitability of the climate which helps the Pembrokeshire soils warm earlier and make the county suitable for early potato production. The warming effect of the climate also minimises the risk of frost which is hugely beneficial in preventing damage to the emerging crop.

The soil and climate of the designated area underpin the reputation of 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes'. It is these soil and climatic conditions that enable 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' to be grown and harvested early in the year. The short and early growing season produces a small potato with a fresh distinctive earthy taste and nutty aroma

The geology of Pembrokeshire is that it is made up of immensely old rocks of Precambrian, Lower Palaeozoic and Upper Palaeozoic age and these rocks generate distinct soils. Most Pembrokeshire Earlies/Pembrokeshire Early Potatoes are grown in red sandstone soils on coastal south facing slopes which are inherently fertile, free working, free draining and they warm up quickly in the Spring. The temperate climate of Pembrokeshire and fertile soils allow a mean growing season of 9 months which is longer and earlier than other counties of Wales. The land is stony and although larger stones may be removed to minimise tuber damage, the remaining smaller stones help the soil to warm up by retaining field heat overnight.

5.2. *Specificity of the product*

'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' are characterised and valued by their distinct appearance and flavour. Their reputation and demand is underpinned by the fact that they are the earliest potatoes available in Wales and they have a distinctive, appearance, flavour and consistency.

During the soil preparation process, smaller stones are retained in the ground to assist the warming of the soil, when soil temperatures approach 10 °C, the soil is power harrowed to further break it down to make it as fine and free draining as possible. The soil is pushed up into shallow drills and the potatoes are planted by hand or by machine. To achieve quick growth, the seed is planted under approximately 75 mm of soil with the same amount of soil underneath. These shallow drills enable quicker heating of the soil and allow swift emergence. The small size of 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' at harvest, require shallow drills.

When harvested, 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' are small in size, due to their young age when harvested. They have a distinctive fresh strong earthy nutty flavour and aroma. During the first two weeks of harvesting, the skin of the potatoes is soft and delicate and requires delicate handling. The potatoes are hand-picked and sold with the soil on to minimise damage. As the season progresses the skin of the potato hardens sufficiently to allow careful machine harvesting but the young soft nature of the potato necessitates that machine harvesting must always be carried out with great care.

'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' are well established and widely recognised by the food industry both in the United Kingdom and worldwide. As a quality product, it is used by many top chefs and gastronomes and it regularly appears as a named product on their menus. Many renowned restaurateurs and agri-food businesses have demonstrated their preference for this early potato.

5.3. *Causal link between the geographical area and the quality or characteristics of the product (for PDO) or a specific quality, the reputation or other characteristic of the product (for PGI)*

The reputation and demand for 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' is that they are the earliest potatoes available in Wales and they have a distinct strong fresh, earthy, nutty flavour and aroma. The climate of the designated area and the fertile free-working, free-draining, stony soils means that the soils warm up quicker enabling Pembrokeshire to have the earliest and longest growing season in Wales. This enables 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' to be planted, grown and harvested earlier than anywhere else in inland Wales. The ability to harvest 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' at such a young age means that their organoleptic properties are qualitatively different from those of mature tubers.

Growers of 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' have an innate knowledge of local characteristics and particular skills associated with growing these early potatoes. These are specific to the area and crop, have been developed over the years and handed down from one generation to the next. Soil preparation is important with often small stones being left in the soil to aid warming and it requires growers' skill and experience to know when the chitted potatoes are at the optimum stage of development for planting. When to plant to maximise yields involves having a 'feel' and understanding of a combination of factors such as soil condition, soil temperature and the weather. In addition, when 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' are first harvested they are hand-picked (not mechanically harvested) and sold with soil on to protect the soft skin of the potato.

The history of the designated area is synonymous with early potato growing and highlights the economic and cultural importance of 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' to the county of Pembrokeshire. Redcliffe Salaman notes in his book 'The History and Social influence of the potato', that as far back as 1776 potato cultivation in Pembrokeshire was widespread. In the Second World War, a significant acreage of potatoes was grown in Pembrokeshire and the importance of growing Pembrokeshire early potatoes in the county has continued throughout the 1950s and remains to the present day. A Pembrokeshire Potato Marketing Group was established in the 1980s and in 1995 a processing plant was constructed which now grades and processes 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' for the multiple market.

'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' have a reputation of quality and are well established and highly recognised by the food industry locally in Pembrokeshire, in Wales, the United Kingdom and overseas. As a quality product, they are used by many top chefs and gastronomes and regularly appear as a named product on their menus as a regional speciality and although they can be served in a number of ways, the most popular being simply boiled when fresh with butter. Renowned restaurateurs and agri-food businesses have demonstrated their preference for these early potatoes

Owen Hall, Chef at the Wolfscastle Hotel, Pembrokeshire Wales

'… in my opinion Pembrokeshire Earlies have a unique flavour due to the rich soil in Pembrokeshire.'

In 2009, 'Pembrokeshire Earlies'/'Pembrokeshire Early Potatoes' were awarded several True Taste of Wales awards.

Reference to publication of the specification

(Article 5(7) of Regulation (EC) No 510/2006 [3])

http://archive.defra.gov.uk/foodfarm/food/industry/regional/foodname/products/documents/pembrokeshire-early-potatoes-pgi-120907.pdf

(3) See footnote 2.

Publication of an application pursuant to Article 50(2)(a) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs

(2013/C 180/11)

This publication confers the right to object to the application in accordance with Article 51 of Regulation (EU) No 1151/2012 of the European Parliament and of the Council [1].

SINGLE DOCUMENT

REGULATION (EC) No 510/2006 OF THE COUNCIL

on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2]

'CORDERO SEGUREÑO'

EC No: ES-PGI-0005-0871-01.04.2011

PGI (X) PDO ( )

1. **Name**

'Cordero Segureño'

2. **Member State or third country**

Spain

3. **Description of the agricultural product or foodstuff**

3.1. *Product type*

Class 1.1. Fresh meat (and offal)

3.2. *Description of the product to which the name in (1) applies indicated in paragraph 1*

The meat is sold as whole carcass, half carcass or in bone-in or bone-out parts or in consumer sales, obtained from male or female lambs of sheep of the Segureño breed.

The carcasses have the following characteristics:

(a) whole-carcass weight, without head or offal: 9,0-13,0 kg (bled);

(b) presentation: full carcass, without head or offal, trimmed and bled and free from defects; classification of the carcass: Categories B and C, first quality, in accordance with EU rules on the classification of sheep carcases (Regulation (EC) No 1249/2008);

(c) carcass: conformation class R and O in accordance with EU rules on the classification of sheep carcasses (Regulation (EC) No 1249/2008);

(d) fat:

— degree of fat cover of carcasses: between 2 and 3 in accordance with EU rules on the classification of sheep carcasses (Regulation (EC) No 1249/2008);

— abdominal fat: class 1 to 2 in males and 2 to 3 in females, 3 in accordance with EU rules on the classification of sheep carcasses (Regulation (EC) No 1249/2008);

(e) meat colour from clear pink to pink.

[1] OJ L 343, 14.12.2012, p. 1.
[2] OJ L 93, 31.3.2006, p. 12. Replaced by Regulation (EU) No 1151/2012.

3.3. *Raw materials (only for processing products)*

—

3.4. *Feed (for products of animal origin only)*

The lambs are fed on mother's milk supplemented with products rich in fibre and plant-based food supplement until slaughter.

3.5. *Specific steps in production that must take place in the defined geographical area*

Lambs are born and reared until slaughter within the area and may be slaughtered or butchered at any slaughterhouse or approved cutting plant.

3.6. *Specific rules concerning slicing, grating, packaging, etc.*

—

3.7. *Specific rules concerning labelling*

The Protected Geographical Indication 'Cordero Segureño' is accompanied by a logo or label to identify all products covered.

Carcasses which comply with the requirements bear label markings on both half carcasses, from the neck to the rump, in indelible ink fit for food use, with the logo of the Protected Geographical Indication 'Cordero Segureño' and are identified by a numbered label affixed to one of the rear limbs, showing the weight and the logo of the Protected Geographical Indication.

Cut parts are identified or marked with a numbered label bearing the logo of the Protected Geographical Indication 'Cordero Segureño'.

4. **Concise definition of the geographical area**

The defined geographical area for the PGI in which the Segureño breed has traditionally been bred for the production of 'Cordero Segureño' is at the meeting-point of the provinces of Albacete, Almería, Grenada, Jaén and Murcia, hedged in by the range of hills known as the Cordilleras Béticas Orientales, characterised by a minimum altitude of 500 metres; this altitude also defines the limits of the region inasmuch as it clearly influences the agro-climatic characteristics of the area and, consequently, the production system. This area comprises a total of 144 municipalities in the provinces mentioned above, listed below broken down by Autonomous Community, province and district:

Autonomous Community of Andalusia:

Province of Almería: District of Almanzora (13 municipalities), district of Alto Nacimiento (6 municipalities), district of Filabres-Alhamilla (8 municipalities), district of Los Vélez (4 municipalities)

Province of Granada: District of Baza (8 municipalities), district of Guadix (33 municipalities), district of Huéscar (6 municipalities)

Province of Jaén: District of El Condado (8 municipalities), District of La Loma and Las Villas (6 municipalities), Northern District (3 municipalities), district of the Sierra de Cazorla (9 municipalities), district of the Sierra de Segura (13 municipalities)

Regional Government of Castile-La Mancha:

Province of Albacete: District Sierra Segura (10 municipalities), district Sierra Alcaraz (12 municipalities)

Autonomous Community of Murcia:

Province of Murcia: North-Western district (5 municipalities)

5. **Link with the geographical area**

5.1. *Specificity of the geographical area*

The production area for Segureño sheep from which are obtained the carcasses covered by the Protected Geographical Indication are the steep wide hills and valleys where the provinces of Albacete, Almería, Granada, Jaén and Murcia meet, and it includes the areas to which traditionally livestock was driven to take advantage of seasonal pastures. The rural districts of this area, characterised by an altitude of 500 metres as already explained, share orographic characteristics and homogeneous climatic conditions, and common production methods, dictated by the altitude, which are essential in order to reach standards of quality of the product.

The defined area, as specified in the preceding point, has the following agricultural and climatic characteristics.

— Winter type, according to the Papadakis agro-climatic classification: CI (Citrus), av (avena/oats warm) or Av (Avena/oats cool), which may be broken down as follows.

— Average temperature of the absolute minimum of coldest month between − 10 °C and + 7 °C.

— Average temperature of the maximum for the coldest month between + 5 °C and + 21 °C.

— Dry or arid period 5 months or fewer

— Cold or frost period 5 months or greater.

The altitude of the production area has given it special agro-climatic characteristics which are more severe (equivalent to the low-lying cold land climatic unit of the Papadakis scale) than is typical of the south-eastern Spanish peninsula. The climate is extreme continental, consisting of cold harsh winters and hot dry summers, with major daily temperature variations and low and irregular rainfall which, as the soil is agriculturally poor, consisting of dark-chalky soil which is in many cases eroded, result in a short annual growing period for pasture which is, moreover, of low productivity.

In this sense, these unique agro-climatic conditions in the geographical area have meant that sheep and, in particular, the Segureño breed, is virtually the only species able to live and thrive under these conditions. This breed, which is native to the area and is very hardy, has had to evolve in order to adapt to this harsh and inadequate environment.

The characteristics of the area has caused the keeping of the Segureño sheep to adapt to the harshness of those conditions, requiring special handling; flocks are reared under extensive or semi-extensive conditions, typically in a mixture of natural-pasture-and-sheep or cereal-and-sheep, where traditional practices are followed. Adult animals are kept out to pasture throughout the year, spending the night under shelter or in some cases out in the open. It is the spontaneous vegetation native to the area that is grazed as well as pasture of stubble fields of cereal and legume crops and, occasionally, irrigated pastureland, thereby making the most of the potential of the production area. Grazing may be supplemented, where necessary, with the administration of food supplements. A small number of holdings follow the practice of 'trashumancia-transterminancia', driving flocks over long distances to traditional seasonal pastures within the geographical area.

Similarly, the traditional method of breeding of the lambs is also subject to the agro-climatic conditions and the availability of resources suitable for food. This has forced the rearing and feeding of the lambs to be permanently indoors, and they are kept away from their mothers while the latter are grazing. The feed of the lambs is based on ewes' milk, which is exclusively reserved for the lambs, supplemented by products rich in fibre and plant-based food supplements, up until slaughter. This supplement in the diet is a major economic expenditure for producers in feeding the lambs, so that the carcasses of Segureño lambs come from lambs with low live weight thus mitigating the cost.

5.2. *Specificity of the product*

The lamb covered by the PGI is the male or female offspring of exclusively Segureño sheep.

Traditionally the carcasses obtained from such lambs have weighed between 9 kg and 13 kg, of conformation class R and O, the meat of which is clear pink or pink with an extremely good level of fat coverage and infiltration.

The meat has a succulent and tender texture due to the peculiar fat infiltration in the muscle meat of such animals and is free from the odour and flavour of fat due to their low weight at slaughter.

5.3. *Causal link between the geographical area and the quality or characteristics of the product (for PDO) or a specific quality, the reputation or other characteristic of the product (for PGI)*

The application for recognition of 'Cordero Segureño' as a PGI is justified by its specific characteristics.

Segureño lambs grow relatively quickly as a result of being fed wholly on the milk produced by their mothers, who are devoted exclusively to feeding their offspring, which results in ideally conformed carcasses, the breed provenance of the lambs being the decisive factor in that conformation.

The meat colour of 'Cordero Segureño' is influenced by various factors closely linked to the agro-climatic conditions of the area. They include the obligatory indoor rearing of the lambs and their feeding on ewes' milk and products rich in fibre, obtained other than by grazing. This results in a low weight of carcasses at slaughter, which encourages the presence of a particular type of muscle fibre which confers on the meat its clear pink or pink colour, typical of this kind of lamb, and a meat free from the odour and flavour of fat.

The same applies to the amount and type of fat present in carcasses and meat. Thus, the quantity of fat cover and abdominal fat of the carcasses depends largely on their weight. An increase in the weight of the carcasses would also entail an increase in the degree of fat cover which would be greater in the carcasses of female lambs. Another fact to be taken into account with respect to the type of fat is that both the breed of the lambs as well as the type of muscle fibre present in the muscle guarantees that the meat possesses an optimal level of fat infiltration, resulting in a succulent and tender texture.

All the foregoing confers on the Segureño breed its tendency to provide good meat, which has given rise to a lamb with a high-yield carcass, giving it at its ideal slaughter weight its distinctive characteristics of high quality, compared with other lambs within its weight range, which is particularly appreciated by consumers.

Reference to publication of the specification

(Article 5 (7) of Regulation (EC) No 510/2006) [3]

www.magrama.gob.es/es/alimentacion/temas/calidad-agroalimentaria/PLIEGO_IGP_cordero_segure%C3%B1o_11-10-12_tcm7-224398.pdf

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(3) See footnote 2.

OTHER ACTS

European Commission

EN

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