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RECOMMENDATIONS

Council

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(1) Text with EEA relevance

(Continued on inside back cover)

I

(Resolutions, recommendations and opinions)

RECOMMENDATIONS

COUNCIL

COUNCIL RECOMMENDATION

of 12 July 2011

on the National Reform Programme 2011 of Spain and delivering a Council opinion on the updated Stability Programme of Spain, 2011-2014

(2011/C 212/01)

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 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.

(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).

(6) On 29 April 2011, Spain 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) The Spanish economy was severely hit by the crisis and went through a sharp adjustment in 2008-2009. Real GDP fell by 4,3 % between the beginning of 2008 and the end of 2010, and employment declined by over 10 %. As a consequence, the unemployment rate rose to 20,1 % at the end of 2010, the highest in the EU. Young people (41,6 % unemployment rate) and less educated workers (26,4 % unemployment rate) bore much of the brunt of the Spanish recession. Sovereign debt yields increased in the context of adverse public debt developments in the euro area and the banking system, in particular savings banks, came under pressure with the burst of the housing bubble and the sharp contraction of the construction sector. The ongoing process of absorbing large macroeconomic imbalances built up during the boom period will continue for some time. In response to these challenges, the Spanish government has embarked on an ambitious reform agenda covering fiscal consolidation, public pension reform, savings bank restructuring and labour and product market reforms.

(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 in the Stability Programme is favourable in 2011 and 2012. The Stability Programme plans to bring the budget deficit below the 3 % reference value by 2013, in line with the Council recommendations of April 2009, and reduce the deficit further to 2,1 % of GDP in 2014. The Stability Programme does not foresee the achievement of the medium-term objective, which remains a balanced budget, in the Stability Programme horizon. This adjustment path is appropriate. The annual average improvement of the structural balance is 1,5 % of GDP on average for 2010-2013, in line with the Council recommendation, and an additional 0,3 % of GDP in 2014. The debt-to-GDP ratio is projected to rise from 60,1 % of GDP in 2010 to 69,3 % in 2013 and decline slightly in 2014. There are downside risks to the consolidation path related to the underlying macroeconomic assumptions and to the respect of budgetary targets at the regional level. Regions account for a large share of total public expenditure and 9 out of 17 exceeded their fiscal objectives in 2010. However, deficit and debt control mechanisms for regional governments have already been strengthened and the Spanish government has committed to take additional measures, if needed to meet the budgetary targets.

(9) Achieving the foreseen fiscal consolidation in 2011 and 2012 requires strict application of the deficit and debt control mechanisms that have been put in place for regional governments. Achieving the budgetary targets in the event that macroeconomic and budgetary developments turn out worse than expected in 2011 and 2012, will require additional measures that the Spanish government has committed itself to taking. For 2013, the Expenditure Revision Plan identifies a few measures to underpin the budgetary targets. According to the Commission's latest assessment, the risks with regards to long term-sustainability of public finances appear to be high.

(10) The medium-term budgetary framework in Spain has been instrumental in promoting multi-annual fiscal planning and overall shows a good track record. However, the crisis has put this framework to the test and showed the need to strengthen further fiscal stability and the preventive aspect of fiscal policy. This would be enhanced by introducing a spending rule based on medium-term nominal GDP growth in line with the new EU economic governance framework. The rule, put forward by the Spanish authorities in the Stability Programme, would automatically bind the central government and local governments. The government also plans to seek consensus within the Council for Fiscal and Financial Policy on applying the rule to the Autonomous Communities.

(11) In the absence of reform, the likely long-term impact of ageing on the Spanish public budget would be higher than the EU average. This is primarily because of the substantial increase in pension expenditure as a share of GDP that is projected for the coming decades. In the long run, ageing will lead to a significant increase in the ratio of retirees per worker. The Spanish government's proposal for a pension reform, agreed with social partners, will significantly improve fiscal sustainability and raise incentives for labour market participation. However, the reform still needs to be approved by Parliament and may still be subject to minor changes.

(12) Spain has taken important steps to strengthen its banking system by providing public support and taking measures to restructure savings banks, reinforce banks' solvency, and improve transparency of their balance sheets. The sector has undergone a noticeable consolidation as a result, and specially among savings banks, with positive consequences in terms of average size of the institutions, reduction of excess capacity in terms of branches and employment, strengthening balance sheets, recapitalization and improvement in efficiency and profitability. Recent legislation has addressed the problems created by the role of local authorities in the governance of savings banks, as most of them transfer their assets and liabilities to commercial banks. The Spanish government has undertaken to finalise the bulk

of the restructuring process by the end of September 2011. Coverage of the next round of stress tests will be again amongst the highest of the EU.

(13) The ongoing labour market reform in Spain needs to be complemented by an overhaul of the current unwieldy collective bargaining system. The predominance of provincial and industry agreements leaves little room for negotiations at firm level. The automatic extension of collective agreements, the validity of non-renewed contracts and the use of *ex post* inflation indexation clauses contribute to wage-inertia, preventing the wage flexibility needed to speed up economic adjustment and restore competitiveness. The Spanish government has requested social partners to agree on a reform of the collective bargaining system during spring 2011. In the absence of an agreement, on 10 June, the government has approved a Royal Decree which has immediately entered into force but will have to be validated by the parliament.

(14) Against the background of very high unemployment, Spain launched a reform of its labour market with the law of September 2010. The law aims to reduce labour market duality and youth unemployment, increase the employability of vulnerable groups and increase flexibility at company level and improve the efficiency of the intermediation in the market. Reform of the active labour market policies was adopted in February 2011, which also included measures to strengthen the advisory and guiding role of employment services and their coordination at national and regional levels. At this stage, it is too early to fully assess whether the reform is sufficient to reduce segmentation and reduce youth and long-term unemployment since some measures are not operational yet. The Spanish government has committed itself to taking further steps by October 2011.

(15) Spain has experienced a loss of price and cost competitiveness, although showing relative good performance in terms of export market shares, that has been reinforced during and after the crisis. Higher wage growth coupled with lower productivity growth than in the euro area and lack of competition in some product markets contributed to persistently higher inflation in Spain. Finding room to improve the tax efficiency could help to boost competitiveness. Further strengthening competition in product markets and adopting a reform of the collective bargaining system to ensure that wage growth better reflects productivity developments at the firm level will help boost competitiveness.

(16) The high level of early school leaving in Spain (31,2 % in 2009) is particularly worrying, as it undermines the size of the skilled work force, affects the job prospects of the concerned individuals and reduces potential growth. The Law on Sustainable Economy, adopted on 15 February 2011, includes measures aiming at increasing the quality and quantity of human capital through education and vocational training. However, the effectiveness of the new measures to combat early school leaving and to improve vocational training is uncertain and implementation at all levels of government may prove difficult.

(17) Spain has made significant progress in improving the conditions for competition in product and service markets, addressing one of the causes of slow productivity growth. The transposition of the Services Directive into law is well advanced and ambitious in Spain, although further opening up of professional services is needed. The Law on Sustainable Economy includes a wide array of measures to improve the business environment, strengthen competition and promote environmental sustainability. An effective implementation calls for further efforts by all levels of government and appropriate coordination

(18) Spain has made a number of commitments under the Euro Plus Pact. On the fiscal side, Spain commits itself to establishing an expenditure rule to enhance fiscal stability and thus sustainability of public finances. To reinforce financial stability, Spain committed itself to completing, before 30 September, the restructuring process of the financial sector. Employment measures focus on implementing acts on active labour market policies and provisions in the field of vocational training, as well as on addressing informal employment. The competitiveness measures focus on reforming the collective bargaining system, regulated professions, setting up an Advisory Committee on Competitiveness and a reform of bankruptcy law. The above commitments refer to all four areas of the Pact. They represent a continuity of the ongoing reform agenda, adding a firm timeframe for the implementation of certain reforms and ensuring full implementation of reforms that have already been carried out. These commitments have been assessed and taken into account in the recommendations.

(19) The Commission has assessed the Stability 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 Spain 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 the Spanish government has established fiscal consolidation plans consistent with the required targets, but that some downside risks remain. Public expenditure growth should be kept below the rate of medium-term GDP growth and the pension reform needs to be adopted. Further steps in 2011-2012 should focus on ensuring the stability of the financial system (through the finalisation of the restructuring and consolidation of the savings banks) and the strengthening of domestic sources for growth, by addressing the current surge in unemployment in particular through the reform of collective bargaining and continued implementation of the ongoing reforms in the labour market, with a close monitoring and evaluation of their effectiveness. The

services sector, trades and professions should be opened up to greater competition, and the administrative burden for enterprises should be reduced.

(20) In light of this assessment, also taking into account the Council Recommendation under Article 126(7) Treaty on the Functioning of the European Union of 2 June 2010, the Council has examined the 2011 update of the Stability Programme of Spain and its opinion [1] is reflected in particular in its recommendation (1) below. Taking into account the European Council conclusions of 25 March 2011, the Council has examined the National Reform Programme of Spain,

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

1. Implement the budgetary strategy in 2011 and 2012 and correct the excessive deficit in the year 2013 in line with the Council recommendation under the EDP, ensuring the achievement of deficit targets at all levels of government, including by strictly applying the existing deficit and debt control mechanisms for regional governments; adopt further measures in case budgetary and economic developments do not turn out as expected; take any opportunity including from better economic conditions to accelerate the deficit reduction; set out concrete measures to fully underpin the targets for 2013 and 2014 which should bring the high public debt ratio on a downward path and ensure adequate progress towards the medium-term objective. Keep public expenditure growth below the rate of medium-term GDP growth, by introducing a binding expenditure rule at all levels of government, as envisaged. Further improve the provision of information in relation to regional and local government budgets and their execution.

2. Adopt the proposed pension reform to extend the statutory retirement age and increase the number of working years for the calculation of pensions as planned; regularly review pension parameters in line with changes to life expectancy, as planned, and develop further measures to improve lifelong learning for older workers.

3. Monitor closely the ongoing restructuring of the financial sector, in particular as regards savings banks, with a view to finalising it by 30 September 2011 as envisaged.

4. Explore the scope for improving the efficiency of the tax system, for example through a move away from labour towards consumption and environmental taxes while ensuring fiscal consolidation plans.

5. Following consultation with social partners and in accordance with national practice, complete the adoption and proceed with the implementation of a comprehensive reform of the collective bargaining process and the wage indexation system to ensure that wage growth better reflects productivity developments as well as local- and firm-level conditions and to grant firms enough flexibility to internally adapt working conditions to changes in the economic environment.

6. Assess, by the end of 2011, the impacts of the labour market reforms of September 2010 and of the reform of active labour market policies of February 2011, accompanied, if necessary, by proposals for further reforms to reduce labour market segmentation, and to improve employment opportunities for young people; ensure a close monitoring of the effectiveness of the measures set out in the National Reform Programme to reduce early school leaving, including through prevention policies, and facilitate the transition to vocational education and training.

7. Further open up professional services and enact the planned legislation in order to redesign the regulatory framework and eliminate current restrictions to competition, efficiency and innovation; implement the Law on Sustainable Economy, notably measures aimed at improving the business environment and enhancing competition in the product and service markets, at all levels of government; and improve coordination between regional and national administrations to reduce the administrative burden for enterprises.

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 the Czech Republic and delivering a Council opinion on the updated Convergence Programme of the Czech Republic, 2011-2014

(2011/C 212/02)

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 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.

(5) On 29 April 2011, the Czech Republic submitted its 2011 National Reform Programme and on 5 May its 2011 Convergence Programme update covering the period 2011-2014. In order to take into account the interlinkages, the two programmes have been assessed at the same time.

(6) The global financial crisis, channelled through the Czech economy's high trade openness, took a heavy toll on GDP growth and unemployment in the Czech Republic. Real GDP declined by 4,1 % in 2009, as a result of the fall in exports and in domestic investment. The unemployment rate increased significantly from 4,4 % in 2008 to 7,3 % in 2010, and the employment rate fell by two percentage points between 2008 and 2010. However, the high degree of exposure to international trade and a fast recovery in the Czech Republic's main trading partners have also facilitated a relatively quick rebound in the real GDP growth rate in 2010 to 2,3 % and will continue to support a moderate recovery.

(7) Based on the assessment of the updated Convergence 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 assumptions underpinning the Convergence Programme are plausible in the first two years of the Programme and favourable thereafter, when assessed against the Commission's medium-term projections of potential output according to the commonly agreed methodology. The Convergence Programme is based on a lower growth projection for 2012 compared with the Commission services' 2011 Spring forecast, mainly on account of a further sustained reduction in real government consumption expenditure, which is not taken up in the Commission services' no-policy-change forecast for 2012. The Convergence Programme foresees a reduction of the general government deficit below 3 % of GDP in 2013 and further to 1,9 % of GDP in 2014. The planned consolidation is mainly based on expenditure restraint. The proposed measures are broadly sufficient to reach the target by 2013, as recommended by the Council, but there are risks to the actual budgetary outcome of measures as presented in the Convergence Programme. Moreover, the attainment of the targets for the outer years of the Convergence Programme seems to rely on favourable cyclical conditions and further efficiency gains in public administration, which may become increasingly difficult to materialise. The achievement of the medium-term budgetary objective is foreseen beyond the horizon of the Convergence Programme. The average annual fiscal effort over the period 2010-2013 is slightly below 1 % of GDP recommended by the Council under the EDP procedure of 2 December 2009.

(8) The Convergence Programme set out a clear objective to bring the deficit in public finances below 3 % of GDP by 2013. The challenge will be to ensure that measures underlying the path for the deficit reduction in 2011-2013, as well as in subsequent years, do not compromise long-term growth, especially by safeguarding expenditure on education and public R&D, and that they provide an adequate buffer for increases in expenditure entailed by demographic developments.

(9) The budgetary consolidation strategy includes measures that affect VAT revenue: the lower VAT rate is planned to rise in 2012 and 2013, while the higher rate is to decrease in 2013. The government also intends to increase the number of firms liable to VAT from 2013. According to the Convergence Programme, these changes should result in an increase in tax receipts of 0,7 % of GDP in 2012 and further by 0,1 % of GDP in 2013. In addition, there seems to be further scope for boosting revenue from indirect taxes, which stood at 11,8 % of GDP in 2010, compared to the EU average of 13,4 %, and thereby possibly shift taxes away from labour. The envisaged tax reform will partly focus on this issue. Furthermore, the difference between actual VAT revenue and the theoretical VAT liability is estimated to be significantly above the EU average, substantiating the need for measures improving tax compliance. To this end, the Czech Republic has introduced new measures in 2011, aimed at tackling VAT fraud and reducing tax evasion.

(10) Given that the budgetary impact of ageing is projected to be well above the EU average, the reform of the pension system is an important issue. The government has put forward two sets of proposals. The first package is expected to receive Parliamentary approval by September 2011 and targets the public Pay-As-You-Go pillar, which has been in deficit since 2009. It includes, among other measures, an increase in the statutory retirement age, which will be unified at 66 years and 8 months in 2041 for men and women born in 1975. For each subsequent age cohort, the retirement age will increase by two more months, without a predetermined limit. This set of parametric reforms should help address the fiscal sustainability problem; it may, however, not be sufficient to address all challenges presented by demographic pressures. The second package of measures, not yet approved by the government, would consist in the introduction of a voluntary second private pillar in 2013, with the aim to increase diversification in retirement incomes and support their future adequacy by promoting the development of private savings. However, the suggested form of the pillar creates few incentives to join the scheme and may actually add to the long-term pressures highlighted above. The operating costs of such pension funds also need to be carefully analysed and kept as low as possible to ensure the effectiveness of the system.

(11) The labour market is perceived as moderately flexible and had not shown evidence of major dysfunctions before the global financial crisis. Yet, some structural weaknesses are evident. A key challenge concerns the severe difficulties that women with children face when re-integrating into the labour market after maternity leave. The issue is significant also because of its wider economic repercussions: longer periods out of work, a high gender employment gap, and very high gender pay gap. Early return to work remains difficult despite the government's effort to give parents greater choice in determining the length of parental leave. The problem can be attributed partly to the low willingness of firms to provide part-time employment contracts, often used by employees with small children in other Member States, and partly to limited availability of affordable childcare facilities. The National Reform Programme identifies a number of concrete measures to increase availability of childcare, including for children below the age of three.

(12) While the overall unemployment rate and the long-term unemployment rate remain firmly below the EU average, the latter has been increasing as a consequence of the crisis, particularly among the 20- to 29-year-olds. The poorly educated as well as other low-wage earners face considerable difficulties in finding employment. The expenditure on active labour market policies and the share of participants in regular activation measures should be increased and these measures should be better targeted.

(13) Inefficiencies in public administration, which weigh on the business environment, could be addressed by comprehensively implementing existing strategies. The government has launched a 'better regulation' agenda in 2007 and an anti-corruption strategy for the years 2011-2012. They announce measures that are important to improve the quality of the Czech legal and regulatory framework, which ranks below the EU average according to international surveys, and strengthen the confidence of businesses. A challenge is to stabilise the public administration, as frequent and far-reaching reorganisations impede its efficiency. For doing so, it would be important to adopt the Public Servant Act, which has been repeatedly postponed. The government has recently adopted measures to increase the transparency of public procurement. However, one element of the regulatory framework, namely the specific type of company shares that permit a fully anonymous transfer of wealth deserves attention.

(14) The crisis is expected to have negativly impacted on potential growth. Improving human capital is important, despite the high ratio of young people enrolled in universities, and is hindered by insufficient quality of training, as illustrated by the low ranking of Czech tertiary education institutes in international surveys. Furthermore, spending per student, in comparable prices, is in the lower quarter of the Member States and is especially limited for primary education. The National Reform Programme outlines measures for all stages of education. A complex reform of tertiary education has been in preparation for several years. Ensuring quality and efficient tertiary education is important for competitiveness and innovation capacity.

(15) The Commission has assessed the Convergence Programme and National Reform Programme of the Czech Republic. It has taken into account not only their relevance for sustainable fiscal and socio-economic policy in the Czech Republic 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 the focus on fiscal consolidation should be kept, while protecting growth-enhancing expenditure. The long-term sustainability of public finances depends, to a large extent, on the capacity to implement now the necessary pension reform. Raising labour market participation, in particular of women, and job opportunities for the long-term unemployed, are essential. Further steps to improve the quality of public services and the regulatory framework, as well as the quality of tertiary education, are crucial for competitiveness.

(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 2 December 2009, the Council has examined the 2011 update of the Convergence Programme of the Czech Republic 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 the Czech Republic,

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

1. Implement the planned consolidation in 2011 and take countervailing measures of a permanent nature as needed in case of any revenue shortfalls or expenditure slippages. Adopt fiscal measures as planned in the Convergence Programme for 2012 and underpin the target for 2013 by more specific measures; subject to this, avoid cutting expenditure on growth-enhancing items. Improve the efficiency of public investments, and continue efforts to exploit the available space for increases in indirect tax revenue to shift taxes away from labour, improve tax compliance, and reduce tax evasion. Ensure an average fiscal effort over the period 2010-2013 of 1 % of GDP, in line with the Council recommendations on correcting the excessive deficit, which will allow meeting the EDP deadline with a sufficient margin in 2013.

2. Implement the planned pension reform in order to improve the long-term sustainability of public finances and to ensure the future adequacy of pensions. Additional efforts should focus on further changes to the public pillar to ensure that the system is not a source of fiscal imbalances in the future, and on the development of private savings. 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. Ensure that the envisaged funded scheme attracts broad participation, and is designed to keep administrative costs transparent and low.

3. Enhance participation in the labour market by reducing the barriers for parents with young children to re-enter the labour market through increased availability and access to affordable childcare facilities. Increase the attractiveness and availability of more flexible forms of working arrangements, such as part-time jobs.

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

4. Improve the performance of the public employment service in order to increase the quality and effectiveness of training, job search assistance and individualised services, linking funding of the programmes to results. In cooperation with stakeholders, extend tailor-made training programmes, for older workers, young people, low-skilled workers and other vulnerable groups.

5. Take the necessary measures to improve the quality of public services in areas essential for the business environment. In this context speed up the implementation of the anti-corruption strategy in line with the identified targets, adopt the Public Servants Act to promote stability and effectiveness of the public administration and take steps to address the issue of anonymous share holding.

6. Establish a transparent system of quality evaluation of academic institutions and link it to its funding in order to improve the performance of tertiary education.

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 Germany and delivering a Council opinion on the updated Stability Programme of Germany, 2011-2014

(2011/C 212/03)

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 in time to be included in their Stability or Convergence Programmes and their National Reform Programmes.

(6) On 27 April 2011, Germany submitted its updated Stability Programme covering the period 2011-2015 and on 7 April 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 German economy entered the crisis in a relatively solid position. However, the slump in world trade resulted in a collapse of exports and investment in 2009, such that real GDP contracted by an unprecedented 4,7 %. Nevertheless, after a small rise, unemployment has been falling again since late 2009. The resilience of the labour market reflects the beneficial effects of past reforms facilitating a reduction in hours worked and of subsidies for short-time work. The economy has rebounded strongly from the recession, with real GDP rising by 3,6 % in 2010. Exports have largely reversed the massive decline recorded in 2009 and paved the way for a more broad-based recovery also leading to a diminishing current account surplus. The economy has further improved its competitiveness vis-à-vis most of the other euro area Member States. The general government budget went from being in balance to a deficit of 3 % of GDP in 2009, driven by fully operating automatic stabilisers and discretionary measures to counter the economic downturn. The economic recovery helped to contain the deficit in 2010 (3,3 % of GDP) despite ongoing sizeable fiscal stimulus and financial market support measures.

(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

[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).

scenario underlying the Stability Programme is cautious for 2011 and plausible thereafter, also as assessed against the Commission services spring 2011 forecast. The Stability Programme projects real GDP to grow by 2,3 % in 2011, before slowing to 1,8 % in 2012 and to an average of 1,5 % in 2013-2015. The Stability Programme plans to bring the deficit below the 3 % GDP reference value already in 2011, two years ahead of the deadline established by the Council, and to make further progress towards achieving the medium-term objective (MTO) — a deficit of 0,5 % of GDP in structural terms — in 2014. Following the expected correction of the excessive deficit, the pace of adjustment towards the MTO under the Stability Programme falls below the 0,5 % of GDP benchmark in 2013 and 2014. While the debt-to-GDP ratio rose by almost 10 percentage points in 2010 [1], it is projected to start falling as of 2011 and should reach 75,5 % of GDP by 2015, thus remaining above the Treaty reference value. The risks to the budgetary projection appear broadly balanced for 2011, but the outcomes thereafter could be weaker than expected, since some savings might not materialise as envisaged. Certain measures are still subject to debate (e.g. energy and financial transaction tax) and others remain to be specified (e.g. efficiency improvements in public administration). Moreover, further financial market support measures cannot be excluded. According to the Commission's latest assessment, the risks with regards to long-term sustainability of public finances appear to be medium.

(9) Since the recent reform of the health-care system introduced measures to curb spending increases mainly in 2011 and 2012, further steps to enhance the efficiency of public spending on health-care and long-term care, would support the envisaged consolidation path. At the same time, maintaining a largely growth-oriented consolidation course, including by ensuring adequate expenditure on education, would help to strengthen the long-term growth potential.

(10) While the German fiscal framework has been considerably strengthened through the introduction of a constitutional budgetary rule, the creation of the Stability Council and the early warning system to prevent budgetary distress, the budgetary rule still needs to be fully implemented at *Länder* level. Further strengthening of the associated monitoring and sanctioning mechanism would also enhance the overall credibility of the public finances.

(11) The crisis revealed serious vulnerabilities in the banking sector. Heavy losses and write-downs from international investments in subprime loans and structured assets weakened the capital base of some banks and led to the need for substantial state interventions. The crisis also exposed the weaknesses of some *Landesbanken*, which had already been suffering from a lack of effective risk management structures and the absence of a viable business model before the crisis. Further reform of the banking sector, including restructuring of the *Landesbanken* in need of a viable and adequately funded business model and strengthening of the regulatory and supervisory framework, would help preserve the stability of the financial sector and also ensure a more efficient allocation of domestic savings as a means of underpinning demand and investment.

(12) The growth potential and structural competitiveness of the German economy depend to a large extent on a well-trained, skilled workforce, but labour supply shortages may become pressing given demographic developments. This underlines the importance of fully utilising the labour force potential by removing obstacles to labour market participation for particular groups (older workers, women, the low-skilled, non-EU nationals) and the further development of human capital. Addressing the tax wedge, which remains high especially for low and middle incomes, would improve incentives to work while allowing wage increases to be translated to a greater extent into higher disposable incomes and domestic demand. The high marginal income tax rate for second earners due to the joint taxation of couples creates disincentives for labour supply. The 'Faktorverfahren' introduced in 2009 allows for the individual monthly tax burden to reflect the personal income of each individual, while the tax burden for the year as a whole remains unchanged. The effects of this reform on labour market participation should be monitored. In this context, further measures to reduce possibly remaining disincentives to work might be necessary. Further increasing the availability of childcare facilities would in particular also help to improve the still low full-time labour force participation of women. Moreover, increasing the number of persons with vocational training qualifications could enhance the labour market prospects of low-skilled workers.

(13) Germany has recently taken far-reaching decisions on its future energy mix. The implementation of the Energy Concept will imply a fundamental transformation in energy supply and have implications for energy prices and the competitiveness of the economy in the medium- to long-term. Cost-effectiveness should therefore be the key guiding principle for the implementation of the Energy Concept, based on efficient energy consumption, cost-effective support schemes and adequate electricity grids for renewable energy and competitive energy markets.

[1] The jump in 2010 was largely related to the fact that two troubled banks transferred impaired assets to their respective 'bad-banks', which are classified under the government sector. In line with the Eurostat guidance on accounting rules for financial defeasance structures, the corresponding liabilities of 'bad-banks' had a direct impact on the debt level.

(14) Boosting competition in the service sector would foster productivity growth and support domestic demand. More dynamic growth of the service sector could also contribute to broadening the base for supply and demand growth in Germany. Despite considerable progress in recent years through the implementation of the Services Directive, there appears to be scope to further reduce barriers to the entry and exit of firms, notably by further simplifying the license and permit system and to simplify the regulation for the exercise of certain professional services. The justification and adequacy of the regulation of certain crafts could be examined. With regard to network industry services, competition in the railway sector in particular can be improved. Strengthening the supervisory role of the Federal Network Agency and the opening of sales and ticket infrastructure to competitors would foster competition in the short-run.

(15) Further reforms to improve the accessibility and quality of the education and training system will be key to ensuring an adequately skilled labour supply, also in view of demographic developments. Shortages of medium- and high-skilled labour in particular are forecast, especially as regards mathematics, science and technology subjects. The educational attainment rates of young people in Germany, at both upper secondary and tertiary level, are below the EU average. Increasing the availability of pre-school education and all-day schools and easing the transition between different strands of the school system may improve educational outcomes.

(16) Germany has made a number of commitments under the Euro Plus Pact. On the fiscal side, the commitments call for the excessive deficit to be corrected already in 2011 and for the targets under the national budgetary rule to be achieved by a wide margin in 2011-2012. To reinforce financial stability, measures include efficient regulation and supervision of the capital market. Employment measures focus on labour market participation (reform of active labour market instruments, improved integration of professionals with foreign qualifications and integration of migrants) and education (Basic Education Pact). The competitiveness measures focus on network industries, energy and the service sector (i.e. market transparency agency for the electricity and gas sector, a programme on electromobility, and increased funding of transport infrastructure) as well as on education (i.e. Initiative for Excellence to promote graduate schools and funding of the University Pact). These commitments refer to the four areas of the Pact. They largely reflect the broader reform agenda outlined in the Stability Programme and the National Reform Programme. However, several policy areas remain unaddressed in the Pact commitments (e.g. restructuring of *Landesbanken* or the tax wedge on labour) or are only touched upon (opening the services sector and network industries to greater competition). The Euro Plus Pact commitments have been assessed and taken into account in the recommendations.

(17) The Commission has assessed Germany's Stability Programme and National Reform Programme, including its Euro Plus Pact commitments. It has taken into account not only their relevance for sustainable fiscal and socio-economic policy in Germany 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 for future national decisions. In this light, the Commission considers that the German budgetary strategy should be implemented as envisaged. An adequate structural adjustment effort towards the MTO should also be ensured thereafter, while maintaining a growth-friendly consolidation course. Further steps in 2011-2012 should focus on ensuring the stability of the financial system (e.g. through restructuring of the *Landesbanken*), the strengthening of domestic sources for growth, by increasing labour market participation through a reduction of the tax wedge on labour, improving the accessibility and quality of education, and opening up the services sector, trades and professions and the network industries to greater competition.

(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 Germany and its opinion [1] is reflected in particular in its recommendation (1) below. Taking into account the European Council conclusions of 25 March 2011, the Council has examined the National Reform Programme of Germany,

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

1. Implement the budgetary strategy for the year 2012 and beyond as envisaged, thus bringing the high public debt ratio on a downward path, in line with the Council recommendations under the EDP. Ensure an adequate structural adjustment effort towards the medium-term objective thereafter. Complete the implementation of the budgetary rule at the *Länder* level and further strengthen the corresponding monitoring and sanctioning mechanism. Maintain a growth-friendly consolidation course, in particular by safeguarding adequate expenditure on education and by further enhancing the efficiency of public spending on health-care and long-term care.

2. Address the structural weaknesses in the financial sector, in particular by restructuring *Landesbanken* which are in need of an adequately funded viable business model.

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

3. Enhance participation in the labour market by improving equitable access to education and training systems and by taking further steps to reduce the high tax wedge in a budgetary neutral way and improve work incentives for persons with low income perspectives. Increase the number of fulltime childcare facilities and all-day schools. Closely monitor the effects of recent reform measures to reduce tax disincentives for second earners and take further measures in case disincentives remain.

4. Remove unjustified restrictions on certain professional services and on certain crafts. To improve competition in network industries, strengthen the supervisory role of the Federal Network Agency in the rail sector; and, in the context of the announced national Energy Concept, focus on improving the long-term cost-effectiveness of the Renewable Energy Act, ensuring the effective independence of energy production and transmission, and improving cross-border interconnections.

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 the Netherlands and delivering a Council opinion on the updated Stability Programme of the Netherlands, 2011-2015

(2011/C 212/04)

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 29 April 2011, the Netherlands submitted its 2011 Stability Programme update covering the period 2011-2015 as well as its 2011 National Reform Programme. In order to take account of the interlinkages, the two programmes have been assessed at the same time.

(7) In spite of a previously robust performance, as the crisis unfolded, the very open Dutch economy suffered significantly: real GDP contracted by almost 4 % in 2009. The recovery started in the second half of 2009, led by a pick-up in external demand, and gained momentum in the first half of 2010, resulting in a GDP growth of 1,8 %. The impact of the crisis on the labour market was relatively contained. Unemployment is expected to decrease gradually over the next two years from 4,5 % in 2010 to 4 % in 2012. The crisis impacted Dutch public finances heavily, with the general government deficit rising to 5,5 % of GDP in 2009 and 5,4 % in 2010. Government operations to support financial institutions and stabilise the financial markets entailed an increase in the government debt ratio by 15 percentage points of GDP, with the debt ratio reaching 60,8 % of GDP in 2009.

(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

[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).

scenario underpinning the budgetary projections presented in the Stability Programme is plausible. The Stability Programme is based on slightly more prudent growth projections for 2011 and 2012 than the Commission services' spring 2011 forecast. The Stability Programme plans to reduce the general government deficit below the 3 % reference value in 2012, which would be one year ahead of the deadline set by the excessive deficit procedure. Based on the figures in the Stability Programme, the medium-term objective (MTO), namely, a structural deficit of 0,5 % of GDP, will be almost achieved by the end of the Stability Programme period, as the structural balance calculated by the Commission comes out at – 0,8 % of GDP in 2015. The budgetary strategy is fully underpinned by sufficiently specified measures up to 2015, though their implementation is subject to some risks, mainly with respect to the ability to offset health care overruns and to monitor local government expenditure. The average annual fiscal effort is 0,75 % of GDP over the period 2011-2013, in compliance with the Council Recommendation of 2 December 2009 under the EDP procedure. For the years following the deadline for correcting the excessive deficit (2014 and 2015), the recalculated structural balance is to improve by 0,25 % in 2014 and 0,5 % in 2015, thereby slightly falling short of the required 0,5 % improvement in the structural balance until the MTO is reached.

(9) The budgetary consolidation planned and implemented by the Dutch authorities strongly relies on largely structural expenditure cutbacks, amounting to approximately 3 % of GDP by the end of the Stability Programme period (2015) compared to the baseline. The resulting adjustment path envisages a reduction in the general government deficit from 3,8 % of GDP in 2011 to 2,4 % of GDP in 2012, falling further in annual steps of around 0,5 % in the period 2013-2015. The Netherlands is firmly committed to reaching those targets. Safeguarding growth-enhancing policy areas such as education from budgetary cuts would avoid hampering the future potential for economic growth, and contribute to achieving a sustainable correction to the excessive deficit.

(10) Besides short-term consolidation, one of the main challenges is improving the long-term sustainability of public finances, which is negatively affected by the strong increase in age-related expenditure. The long-term cost of ageing is clearly above the EU average, notably in long-term care and pensions. The expected increase in long-term care expenditure is the highest in Europe, as shown in the Commission's 2009 Ageing Report. The main reason for this is the existence of an already comprehensive system of formal long-term care (e.g. public long-term insurance covering personal care, nursing, assistance, treatment and stay in an institution), while informal care plays a more limited role in the Netherlands. According to the Commission's latest assessment, the risks with regard to the long-term sustainability of public finances appear to be high. Beyond its consolidation plans, the Dutch government has submitted measures to Parliament that will support long term sustainability including a rise in the statutory retirement age which has not yet been adopted.

(11) The Dutch labour market is characterised by relatively high participation rates, high productivity per hour worked and low unemployment. However, the main challenge for the labour market will be to increase the utilisation of untapped labour potential, in particular to compensate for the expected decrease in the working age population as a result of ageing. The average amount of hours worked per year is the lowest in the EU, as confirmed by the latest available data. The low number of hours worked results from the very large share of people working part-time, particularly women, reflecting personal preferences but also the existence of financial disincentives for either entering the labour market or for extending the hours worked. Currently, one of the main disincentives for second-income earners to enter the labour market or to work more hours in the Netherlands is the high marginal tax rate on second incomes, which can in some cases turn out to be above 80 %, as a result of *inter alia* the general tax credit and the reduction in income-dependent benefits such as childcare subsidy.

(12) For an increasing and heterogeneous group of partly disabled, long-term unemployed who face a growing risk of structural unemployment, the implementation of active labour market policies has apparently not produced positive results. Non-EU nationals are experiencing particular difficulties, thereby amplifying the persistent employment and unemployment gaps.

(13) The Dutch research and innovation (R&I) system has succeeded in maintaining its innovative capacity, but the low share of the private sector in research and development (R&D) investment may negatively affect future economic growth and the competitiveness of the Dutch economy. The government aims to create an attractive climate for R&I-intensive firms, including firms from abroad, in terms of fiscal incentives, space for entrepreneurs and excellence of research. Due to the need for budgetary consolidation this year, some subsidies for companies may, however, not be continued while others will be streamlined and targeted towards 'top economic areas' and shifted to more generic tax instruments.

(14) The business environment is negatively affected by the congestion levels in road and rail transport. These congestion levels are among the highest in the EU. In this context, a relatively inefficient transport infrastructure negatively affects labour mobility and thus potential growth through productivity. Workers are faced with long commutes, unreliable travel times and high congestion costs. The latter are expected to increase further until 2020 in the absence of policy changes. Improvements in the efficient use of infrastructure (e.g. through road pricing measures), would contribute to increasing labour mobility and productivity and thus to potential growth.

(15) On 4 April 2011, the Netherlands announced a number of commitments under the Euro Plus Pact. These include measures to foster competitiveness (introduction of a new business policy based on more generic reductions in taxation and administrative burdens) and employment (making social security more activating and reducing dependence on unemployment benefits), to contribute further to the sustainability of public finances (anchoring the stability and growth pact in national law) and to reinforce financial stability (more power to supervisory institutions). These commitments refer to all areas of the Pact. They represent a continuation of the broader reform agenda outlined in the Stability and National Reform Programmes. However, there is a lack of detail in terms of their timing and the measures that will be needed to implement them. These commitments have been assessed and taken into account in the recommendations.

(16) The Commission has assessed the Stability 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 the Netherlands 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. It considers that the fully specified Dutch budgetary consolidation strategy should be implemented as envisaged, while preserving expenditure in areas most conducive to long-term growth. Further steps should be taken to improve the long-term sustainability of public finances, notably in the areas of pensions and long-term care, to increase labour market participation and integration, and to address the issues arising from transport congestion.

(17) In the light of this assessment, also taking into account the Council Recommendation of 2 December 2009 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 the Netherlands 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 the Netherlands,

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

1. Implement the budgetary strategy for the year 2012, in line with the Council recommendations on correcting the excessive deficit, setting the high public debt ratio on a downward path. Thereafter, progress towards the medium-term objective in line with the Stability and Growth Pact requirements, respecting the overall spending ceilings and consolidation requirements, thereby ensuring that consolidation is sustainable and growth-friendly, by protecting expenditure in areas directly relevant for growth such as research and innovation, education and training.

2. Take measures to increase the statutory retirement age by linking it to life expectancy, and underpin these measures with others to raise the effective retirement age and to improve the long-term sustainability of public finances. Prepare a blueprint for reforming long-term care in view of an ageing population.

3. Enhance participation in the labour market by reducing fiscal disincentives for second-income earners to work and draw up measures to support the most vulnerable groups and help them to re-integrate within the labour market.

4. Promote innovation, private R&D investment and closer science-business links by providing suitable incentives in the context of the new enterprise policy ('Naar de top').

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.

OPINIONS

EUROPEAN COMMISSION

COMMISSION OPINION

of 15 July 2011

relating to the plan for the disposal of radioactive waste arising from the Stoneyhill NORM Descaling and Disposal Facility, located in Aberdeenshire, Scotland, United Kingdom, in accordance with Article 37 of the Euratom Treaty

(Only the English text is authentic)

(2011/C 212/05)

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 3 February 2011, the European Commission received from the British 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 Stoneyhill NORM Descaling and Disposal Facility.

On the basis of these data and following consultation with the Group of Experts, the Commission has drawn up the following opinion:

1. The distance between the Stoneyhill site and the nearest point on the territory of another Member State, in this case Ireland, is 398 km.

2. The descaling facility will not be subject to a discharge authorisation for liquid and gaseous radioactive effluents. During normal operations, the descaling facility will not discharge liquid radioactive effluents. However, natural radioactive gas (radon) will emanate from the descaling facility and minute amounts of radioactive aerosols will be released; neither will be liable to affect the health of the population of another Member State.

3. During the disposal facility's operational period:

   — radioactive waste will be emplaced in the disposal facility without intention of retrieval,

   — the disposal facility will not be subject to a discharge authorisation for liquid and gaseous radioactive effluents. However, natural radioactive gas (radon) will emanate from the disposal facility; this is not liable to affect the health of the population of another Member State.

4. Following the disposal facility's operational period:

   The measures envisaged for the final closure of the disposal facility as described in the General Data provide reliance that the conclusions under point 2 above will remain valid in the long term.

5. In the event of unplanned releases of radioactive effluents, which may follow the accidents of the types and magnitudes 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 from the Stoneyhill NORM Descaling and Disposal Facility in the United Kingdom, during its normal operational life and after its final closure, as well as 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

II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

Non-opposition to a notified concentration

(Case COMP/M.6175 — Danaher/Beckman Coulter)

(Text with EEA relevance)

(2011/C 212/06)

On 16 June 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 32011M6175. EUR-Lex is the on-line access to the European law.

Non-opposition to a notified concentration

(Case COMP/M.6191 — Birla/Columbian Chemicals)

(Text with EEA relevance)

(2011/C 212/07)

On 15 June 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 32011M6191. EUR-Lex is the on-line access to the European law.

IV

(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

COUNCIL

Notice for the attention of the persons to which measures provided for in Council Decision 2010/145/CFSP and in Council Regulation (EC) No 1763/2004 apply

(2011/C 212/08)

THE COUNCIL OF THE EUROPEAN UNION,

The following information is brought to the attention of the persons that appear in Annex I to Council Decision 2010/145/CFSP and in Annex I to Council Regulation (EC) No 1763/2004.

The Council of the European Union has determined that the persons that appear in the abovementioned Annex continue to fulfil the criterion set out in Council Decision 2010/145/CFSP and in Council Regulation (EC) No 1763/2004 concerning further measures in support of the effective implementation of the mandate of the International Criminal Tribunal for the former Yugoslavia, and they should consequently remain subject to these measures.

The attention of the persons concerned is drawn to the possibility of making an application to the competent authorities of the relevant Member State(s) as indicated in the websites in Annex II to Regulation (EC) No 1763/2004, in order to obtain an authorisation to use frozen funds for basic needs or specific payments (cf. Article 3 of the Regulation).

The persons concerned may submit a request to the Council, together with supporting documentation, that the decision to include them on the abovementioned list should be reconsidered, to the following address:

Council of the European Union
General Secretariat
DG K Coordination Unit (10 HN 43)
Rue de la Loi/Wetstraat 175
1048 Bruxelles/Brussel
BELGIQUE/BELGIË

The attention of the persons concerned is also drawn to the possibility of challenging the Council's decision before the General Court of the European Union, in accordance with the conditions laid down in Article 275, second paragraph, and Article 263, fourth and sixth paragraphs, of the Treaty on the Functioning of the European Union.

Notice for the attention of the persons, groups and entities on the list provided for in Article 2(3) of Council Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism

(see Annex to Council Regulation (EU) No 687/2011)

(2011/C 212/09)

THE COUNCIL OF THE EUROPEAN UNION,

The following information is brought to the attention of the persons, groups and entities listed in Council Regulation (EU) No 687/2011 of 18 July 2011 ([1]).

The Council of the European Union has determined that the reasons for including the persons, groups and entities that appear on the abovementioned list of persons, groups and entities subject to the restrictive measures provided for under Council Regulation (EC) No 2580/2001 of 27 December 2001, on specific restrictive measures directed against certain persons and entities with a view to combating terrorism ([2]), are still valid. Consequently, the Council has decided to maintain those persons, groups and entities on the list.

Council Regulation (EC) No 2580/2001 of 27 December 2001 provides for a freezing of all funds, other financial assets and economic resources belonging to the persons, groups and entities concerned and that no funds, other financial assets and economic resources may be made available to them, whether directly or indirectly.

The attention of the persons, groups and entities concerned is drawn to the possibility of making an application to the competent authorities of the relevant Member State(s) as listed in the Annex to the Regulation in order to obtain an authorisation to use frozen funds for essential needs or specific payments in accordance with Article 5(2) of that Regulation. An updated list of competent authorities is available on the web at the following address:

http://ec.europa.eu/comm/external_relations/cfsp/sanctions/measures.htm

The persons, groups and entities concerned may submit a request to obtain the Council's statement of reasons for maintaining them on the abovementioned list (unless the statement of reasons has already been communicated to them), to the following address:

Council of the European Union
(Attn: CP 931 designations)
Rue de la Loi/Wetstraat 175
1048 Bruxelles/Brussel
BELGIQUE/BELGIË

The persons, groups and entities concerned may submit at any time a request to the Council, together with any supporting documentation, that the decision to include and maintain them on the list should be reconsidered, to the address provided above. Such requests will be considered when they are received. In this respect, the attention of the persons, groups and entities concerned is drawn to the regular review by the Council of the list according to Article 1(6) of Common Position 2001/931/CFSP. In order for requests to be considered at the next review, they should be submitted within two months from the date of publication of this notice.

The attention of the persons, groups and entities concerned is also drawn to the possibility of challenging the Council's Regulation before the General Court of the European Union, in accordance with the conditions laid down in Article 263(4) and (6) of the Treaty on the Functioning of the European Union.

([1]) OJ L 188, 19.7.2001, p. 2.
([2]) OJ L 344, 28.12.2001, p. 70.

EUROPEAN COMMISSION

Euro exchange rates [1]

18 July 2011

(2011/C 212/10)

1 euro =

	Currency	Exchange rate		Currency	Exchange rate
USD	US dollar	1,4045	AUD	Australian dollar	1,3237
JPY	Japanese yen	111,10	CAD	Canadian dollar	1,3472
DKK	Danish krone	7,4567	HKD	Hong Kong dollar	10,9488
GBP	Pound sterling	0,87315	NZD	New Zealand dollar	1,6640
SEK	Swedish krona	9,2534	SGD	Singapore dollar	1,7107
CHF	Swiss franc	1,1485	KRW	South Korean won	1 490,82
ISK	Iceland króna		ZAR	South African rand	9,8084
NOK	Norwegian krone	7,8670	CNY	Chinese yuan renminbi	9,0853
BGN	Bulgarian lev	1,9558	HRK	Croatian kuna	7,4500
CZK	Czech koruna	24,405	IDR	Indonesian rupiah	12 024,36
HUF	Hungarian forint	272,98	MYR	Malaysian ringgit	4,2311
LTL	Lithuanian litas	3,4528	PHP	Philippine peso	60,463
LVL	Latvian lats	0,7093	RUB	Russian rouble	39,6125
PLN	Polish zloty	4,0440	THB	Thai baht	42,219
RON	Romanian leu	4,2688	BRL	Brazilian real	2,2208
TRY	Turkish lira	2,3468	MXN	Mexican peso	16,5456
			INR	Indian rupee	62,6060

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

V

(Announcements)

ADMINISTRATIVE PROCEDURES

EUROPEAN COMMISSION

CALL FOR PROPOSALS

'Support for information measures relating to the common agricultural policy'

Implementation of information measures under budget heading 05 08 06 for 2012

(2011/C 212/11)

1. INTRODUCTION

This call for proposals is based on Council Regulation (EC) No 814/2000 of 17 April 2000 on information measures relating to the common agricultural policy (CAP) [1], which defines the type and content of the information measures which the Union may co-finance. Commission Regulation (EC) No 2208/2002 [2], as amended by Commission Regulation (EC) No 1820/2004 [3], lays down detailed rules for the application of Council Regulation (EC) No 814/2000.

This is a call for proposals for funding information measures within the meaning of Article 3(1) of Council Regulation (EC) No 814/2000 from appropriations in the 2012 budget. This call for proposals concerns information measures to be implemented (including preparation, implementation, follow-up and evaluation) between 1 March 2012 and 28 February 2013.

An information measure is a self-contained and coherent information event organised on the basis of a single budget. The activities included in such an event can range from a simple series of conferences to a comprehensive information campaign covering several types of actions and information/public communication tools.

As specified in Article 4(2) of Commission Regulation (EC) No 2208/2002, applicants for this call for proposals must be legal persons legally constituted in a Member State for at least two years.

2. PRIORITIES AND TYPES OF ACTION FOR 2012

2.1. Priorities

2012 will mark the 50th anniversary of the Common Agricultural Policy, a cornerstone of European integration. This anniversary provides an excellent opportunity for raising public awareness of the CAP: its history, development, achievements and the scope for future development through the proposed reforms.

In the context of the current call for proposals, the Commission would like to give priority to measures that are likely to have a major impact, ground-breaking and creative, and that aim to target not just the rural population, but the whole of society.

The measures must highlight the CAP's role and purpose as a joint EU policy that responds to society's needs and expectations, and whose objectives are:

— to better meet the challenges of food security, climate change, the sustainable use of natural resources and balanced regional development,

— to help the farming sector cope with the effects of the economic crisis and the increased volatility of agricultural prices,

— to contribute to the development of growth that is intelligent, sustainable and inclusive as set out in the Europe 2020 strategy.

2.2. Types of information measures

In the context of the current call for proposals, the Commission would like to promote two types of integrated public communication measures:

— at national level, by uniting various partners around a major joint project,

— at European level, in a maximum number of Member States so as to increase its impact.

(1) OJ L 100, 20.4.2000, p. 7.
(2) OJ L 337, 13.12.2002, p. 21.
(3) OJ L 320, 21.10.2004, p. 14.

The aim of these information measures must be to:

— ensure better public understanding of the CAP, its history and development, past but also future in the context of the proposals for reform, both in the country concerned and at European level,

— stimulate public interest, particularly in urban areas, in the role of agriculture and rural development in our society by promoting farmers' multiple roles.

The information actions should take the form of extensive information campaigns including one or several of the activities listed below:

— production and distribution of innovative and original multimedia and/or audiovisual material (radio and/or television programmes [1], such as 'reality shows', talk-shows, clips, etc.) [2],

— public poster campaigns in places with a lot of thoroughfare (metros, stations etc.),

— events of the 'city farm' type, etc.,

— media events,

— conferences, seminars and specialised working parties targeting specific groups.

2.3. **Target audiences**

The groups targeted by this call for proposals are the general public (principally young people in urban areas), the media, civil society and the main players in the rural sector.

3. **DURATION AND BUDGET**

This call for proposals concerns information measures to be implemented (including preparation, performance, follow-up and evaluation) between 1 March 2012 and 28 February 2013, but that must be performed in 2012.

The overall budget for the information measures to be carried out under this call for proposals is EUR 3 250 000. This amount will be distributed among the applications awarded the highest scores by the Evaluation Committee in accordance with the award criteria set out in Annex III(2). The Commission reserves the right to reduce this overall amount if necessary.

The amount of grant requested from the Commission must be between EUR 100 000 and EUR 500 000 per information measure as referred to in point 2(2) (including a flat-rate amount for staff costs).

The Commission's participation in the applications selected is limited to 50 % of the overall eligible costs (cf. Annex IV-drawing up the budget), to the exclusion of staff costs, which will be covered by a separate flat-rate amount of a maximum of EUR 10 000 for measures whose total eligible costs (exclusive of the flat-rate for staff costs) are less than EUR 400 000 and with a maximum of EUR 25 000 for measures whose eligible costs (exclusive of the flat-rate for staff costs) are included between EUR 400 000 and EUR 950 000.

For information measures of exceptional interest, and if the applicant so requests in the application, the percentage of contribution from the Commission may be up to 75 %.

An information measure will be recognised as being of exceptional interest as referred to in Article 7(2) of Regulation (EC) No 2208/2002 if all the following conditions are met:

1. It includes a dissemination plan capable of reaching as broad a spectrum of the public as possible covering at least three Member States and representing a minimum of 5 % of the national population of all the Member States covered, and whose expected (ex-ante) and achieved (ex-post) will be demonstrated by sufficient external proof (viewing statistics, etc).

2. The evaluation committee (hereinafter 'the committee') has awarded it at least 75 points out of 100 for the award criteria set out in Annex III(2).

No prefinancing will be awarded for the information measures for which a grant has been received under this call for proposals. The beneficiary may request an intermediate payment by submitting an intermediate technical and financial report. The amount of the intermediate payment will not exceed 30 % of the total amount provided for in the grant agreement. The amount will be determined on the basis of the measure being carried out and the eligible costs actually incurred submitted in the intermediate financial statement and validated by the Commission; the percentage of co-funding provided for in the grant agreement will be applied to these costs. The flat-rate for staff costs will be paid only with the final payment.

The fact of selecting an application does not commit the Commission to granting the full amount requested by the applicant. The amount of the grant will under no circumstances exceed the amount requested. No grant can be given to a measure which is receiving other EU funding.

(1) All audiovisual programmes must be accompanied by a firm commitment to broadcast if co-funded.

(2) For this type of measure, the grant agreement will expressly accord the Commission reproduction and distribution rights for non-commercial purposes, for products or programmes described in the measure or extracts thereof, on any media, for an unlimited period of time and without territorial restrictions.

4. GENERAL INSTRUCTIONS FOR SUBMITTING AN APPLICATION

4.1. How to prepare an application

Each applicant may apply for only one information measure per budget year.

Applications must be submitted on the appropriate forms available at the following internet address: http://ec.europa.eu/agriculture/grants/capinfo/index_en.htm

They must be drawn up in one of the official languages of the Union. Nevertheless, in order to facilitate prompt processing of applications, applicants are encouraged to submit their application in English or French or, if this is not possible, to include at least a translation into English or French of the content of Form 3.

The application must contain the following documents, models of which are available at the above-mentioned internet address:

— the letter of application giving the title of the proposed information measure and the amount of grant requested, signed by the legally authorised person responsible within the applicant organisation; it should be noted that the amount of the grant requested in the letter should be the same as the amount of EU co-financing indicated in the income table of the budget (points g and h),

— Form 1 (information on the applicant), Form 2 (information on co-organisers, if any), and Form 3 (detailed description of the information measure) of the application. If a question does not apply to the proposed information measure, 'not applicable' or 'n/a' should be entered. Only applications submitted on these forms will be considered; furthermore; If Form 2 does not apply please write N/A on the cover page of this form,

— a budget for the proposed information measure (comprising a detailed table of expenditure and a detailed table of income in balance), duly completed, signed and dated by the legally authorised person within the applicant organisation,

— all the additional documents listed in Annex I (additional documents to be attached to the grant application).

4.2. Deadline and address for sending applications

Applicants must send a paper version of their entire application by registered post with acknowledgement of receipt (the postmark on the envelope being taken as proof of the date of posting) by **30 September 2011** at the latest to the following address:

European Commission
Unit AGRI. K.1.
Call for proposals 2011/C /…
Attn. Angela Filote
L130 4/148A
1049 Bruxelles/Brussel
BELGIQUE/BELGIË

Applications must be sent in a sealed envelope or cardboard box, which must be placed inside a second sealed envelope or cardboard box. The inner envelope or cardboard box must bear, in addition to the name of the department to which it is addressed, as indicated in the call for proposals, the words 'Call for proposals — Not to be opened by the mail service'. If self-adhesive envelopes are used, they must be sealed with adhesive tape and the sender must sign across that tape.

Since all documents sent to the Commission must be scanned page by page, candidates are requested not to staple together the pages of the letter of application or the annexes thereto. In addition, for environmental reasons, applicants are encouraged to submit their application on recycled paper and print on both sides of the page.

At the same time, by 24:00 (Brussels time) on 30 September 2011 at the latest, applicants must also e-mail (using the 'delivery receipt' option) an electronic version of their application, containing at least the letter of application, Forms 1, 2 and 3 and the budget, which must be identical to those sent by post, to the following address:

AGRI-GRANTS-APPLICATIONS-ONLY@ec.europa.eu

Applicants are responsible for ensuring that both their paper and electronic applications are complete and are dispatched by the deadline. Applications sent after the deadline will be rejected.

5. PROCEDURE AND TIMETABLE

5.1. Receipt and registration of applications

The Commission will register applications and e-mail an acknowledgement of receipt, specifying the number allocated to each application, within 15 working days of the deadline for submission.

5.2. Examination of applications in the light of the eligibility and exclusion criteria

An ad hoc evaluation committee will examine the eligibility of applications. Any application which fails to meet one or more criteria set out in Annex II (eligibility and exclusion criteria) will be rejected.

All eligible applications will be admitted to the next phase (examination in the light of the selection criteria — technical and financial capacity of the applicants).

5.3. Examination of applications in the light of the selection criteria — technical and financial capacity of applicants

During this phase the committee will examine the technical and financial capacity of the eligible applicants on the basis of the information provided in the application according to the criteria described in Annex III(1) (selection criteria).

All applications which have passed this phase will be admitted to the next phase (evaluation in the light of the award criteria).

5.4. **Evaluation of applications in the light of the award criteria**

During this phase, the committee will evaluate applications in the light of the award criteria described in Annex III(2) (award criteria).

Only cases which have obtained at least 60 of the 100 points available, and at least 50 % of the points available for each criterion, during this phase of the evaluation will be proposed for a grant by the committee. The fact of obtaining 60 of the 100 points available will not, however, guarantee that an information measure will receive a grant. The Commission may raise the minimum acceptable mark on the basis of the number of eligible applications and the budgetary resources available.

Dossiers awarded less than 60 out of the 100 potential points or less than 50 % of the points available for each of the various criteria will be rejected; applicants will receive written notification specifying the reasons for the rejection.

If a grant is awarded, the beneficiary will receive a grant agreement (a specimen of which may be downloaded from the internet address given in point 4.1 of this call for proposals), denominated in euros, specifying the conditions and amount of financing, which may be less than the amount requested in the application. In the event of errors of calculation or costs considered ineligible, the budget will be corrected by the Commission. If the correction results in an increase in the total costs, the amount requested will remain unchanged and the contribution of the applicant will be increased accordingly.

The evaluation procedure is scheduled to close at the beginning of 2012. The Commission departments are not authorised to inform applicants of the status of the evaluation of their application before the award decision. For this reason, applicants are requested not to telephone or write to the Commission regarding the outcome of their application before that date.

6. ADVERTISING

6.1. **Responsibilities of the beneficiary**

DG AGRI will develop a logo for all the communication projects on the common agricultural policy. CAP. This logo will be available at the following internet address http://ec.europa.eu/comm/agriculture/grants/capinfo/index_en.htm and will be available electronically for use in various formats (banners, posters, roll-ups, etc.).

Beneficiaries are contractually obliged to download this material to use it in appropriate formats in the context of their campaign in accordance with the conditions specified in the grant agreement. The costs of creating these promotional materials must be included in the budget for the action.

Furthermore, beneficiaries are under a contractual obligation to ensure, by all appropriate means and in accordance with the conditions laid down in the grant agreement, that throughout the life of the measure any communication or publication or promotional items regarding the measure mentions the fact that it is receiving financial support from the Union.

In addition, every communication or publication by the beneficiary, in whatever form and whatever format, must specify that the information provided is the sole responsibility of the author and that it does not represent the official position of the Commission.

Evidence of this publicity must be included in the final technical implementation reports. A model of the logo may be downloaded from the following internet address: http://europa.eu/abc/symbols/emblem/download_en.htm with the mention 'with the support of the European Union'.

If the beneficiary organisation does not comply with the above obligations, the Commission reserves the right to reduce the amount of the grant allocated for the information measure concerned or to refuse to pay it at all if the beneficiary organisation does not comply with that obligation.

7. PROTECTION OF PERSONAL DATA

The European Commission will ensure that any personal data contained in the application are processed as required by Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data [1]. This applies in particular to the confidentiality and security of such data.

[1] OJ L 8, 12.1.2001, p. 1.

ANNEX I

ADDITIONAL DOCUMENTS TO BE ATTACHED TO THE GRANT APPLICATION

To be complete, applications must include (in addition to the letter of application, the application forms and the budget presentation form, which may be downloaded from the Internet address given in point 4.1 of this call for proposals) all the additional documents listed below. Applicants must ensure that the documents accompanying the application are placed in the order shown in the following table. If one of these documents is missing, the application may be rejected.

Document	Description	Comments
Document A	Legal entity identification sheet	For all applicants. Form available at the Internet address given in point 4.1 of this call for proposals.
Document B	Financial identification sheet	For all applicants. Form available at the Internet address given in point 4.1 of this call for proposals.
Document C	Instrument constituting the association (articles of association).	For all applicants that are not bodies governed by public law.
Document D	Recent extract from the official register provided for by the legislation of the Member State of establishment (such as the Official Gazette or Company Register), clearly showing the applicant's name, address and date of registration.	For all applicants.
Document E	If the applicant is subject to VAT, copy of the registration document. If the applicant is not entitled to recover VAT, official document confirming this fact.	Concerns applicants governed by private law (VAT paid by institutions under public law is not eligible in any circumstances). If the applicant is not entitled to recover VAT, enclose either a certificate from the VAT authority or from any other external person responsible for establishing or auditing the accounts (independent accountant, auditor, etc.) or, initially, a self-certificate. However, no grant agreement will be signed until an external certificate has been provided.
Document F	Balance sheets and profit and loss accounts for the last two financial years for which the accounts have been closed, or any other document (such as a bank certificate) proving applicants' financial situation and capacity to maintain their activity throughout the period during which the information measure is being carried out.	For all applicants that are not bodies governed by public law.
Document G	Curriculum vitae of the persons who will carry out the preparation, implementation, follow-up and evaluation of the proposed information measure.	For all applicants and co-organisers.

Document	Description	Comments
Document H	Proof of the financial contributions of the other fund providers (even if the provider of funds is also a co-organiser) to the information measure proposed (such proof consists at least of an official financing certificate from each of the expected providers mentioning the title of the information measure and the amount to be contributed).	Form that must be attached if there are contributions from other fund providers.

NB: It should be noted that the two main reasons for applications not being eligible over the last two years have been failure to comply with the obligations relating to documents E and H above. With regard to VAT (document E), it is very important to provide the required documents even if the applicant is not subject to VAT (at least a self-certification). With regard to the proof of financial contributions (document H), this must be provided for all providers of funds (points c, d and f of the income table of the budget).

ANNEX II

ELIGIBILITY AND EXCLUSION CRITERIA

1. **Eligibility criteria**

(a) *Eligibility criteria concerning the applicant:*

— the applicant must be a legal person legally constituted in a Member State for at least two years. This must be clearly shown in the application and supporting documents. Applicants that have not been legally constituted in a Member State for at least two years, or fail to prove it, will be rejected.

(b) *Eligibility criteria concerning the application:*

Applications under this call for proposals must meet all the following criteria:

— they must be submitted no later than 30 September 2011 (the postmark on the envelope serving as proof of the date of posting),

— they must include the hard copies of the relevant forms provided for the application and budget, which may be downloaded from the Internet address given in point 4.1, and also an electronic version,

— they must be drawn up in one of the official languages of the Union,

— they must be accompanied by all the documents listed in point 4.1 of this call for proposals,

— they must comprise a letter of application giving the title of the information measure and the amount of grant requested (which must be the same as the amount indicated in points (g) and (h) of the income table of the budget) and be signed by the legally authorised person within the applicant organisation,

— applicants are authorised to submit only one application per budget year,

— the amount of grant requested from the Commission (including the flat rate amount for the staff costs) must be between EUR 100 000 and EUR 500 000,

— the budget of the proposed information measures must:

  — be presented in euro,

  — contain an expenditure table and an income table in balance,

  — be dated and signed in both the expenditure and income parts by the legally authorised person within the applicant organisation,

  — be drawn up using detailed calculations (quantities, unit prices, total prices) and the relevant specifications; no flat-rate amounts (except for staff costs) will be accepted,

  — respect the maximum amounts established by the Commission for certain categories of expenditure (see Annex IV and the document entitled ‘Maximum accommodation costs (hotel) accepted by the Commission’ which is available at the Internet address given in point 4.1),

  — be presented exclusive of VAT if the applicant is subject to and entitled to deduct VAT or if the applicant is an institution under public law,

  — enter on the income part the direct contribution from the applicant, the requested Commission funding, and (if applicable) details of any contributions from other fund providers, as well as any revenue generated by the project, including, where appropriate, the fees required of participants,

— the proposed information measure must be carried out between 1 March 2012 and 28 February 2013,

— the following are not eligible:

— measures required by law,

— measures receiving EU financing under another budget line,

— profit-making measures,

— general or statutory meetings.

Any application which fails to fulfil one or more of the above criteria will be ineligible and will be rejected.

2. **Exclusion criteria**

The Commission will exclude any applicant who is in one of the situations described in Article 5 of Commission Regulation (EC) No 2208/2002 and in Articles 93(1), 94 and 96, second paragraph, point (a) of Council Regulation (EC, Euratom) No 1605/2002 (Financial Regulation of 25 June 2002 applicable to the general budget of the European Union).

Grants may not be awarded to applicants who are, at the time of a grant procedure, in one of the following situations: applicants who:

— are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations,

— have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*,

— have been guilty of grave professional misconduct proven by any means which the contracting authority can justify,

— have not fulfilled obligations relating to payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the measure is to be performed,

— have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Union's financial interests,

— following another procurement procedure or grant award procedure financed by the EU budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations,

— are in a situation of conflict of interest,

— are guilty of misrepresentation in supplying the information required by the authorising department or of failing to supply this information.

Applicants must declare on honour that they are not in one of the above situations (see the letter of application available at the Internet address mentioned in point 4.1 of this call for proposals). The Commission may, depending on the analysis of management risks, request additional evidence. Applicants who are found guilty of false declarations may be subject to administrative and financial penalties.

ANNEX III

SELECTION AND AWARD CRITERIA

1. Selection criteria

In order to prove their **technical capacity** applicants must demonstrate that:

— they have the necessary technical skills of direct relevance to the preparation, performance, follow-up and evaluation of the type of information measure proposed,

— they have carried out at least one public information project over the past two years,

— they have at least two years' experience in dealing with the subject(s) proposed.

In order to prove their **financial capacity** applicants must demonstrate that:

— their financial situation is sufficiently sound to maintain their activity throughout the period during which the information measure is being carried out.

The technical and financial capacity of the applicants will be assessed on the basis of the information provided in their application file. The Commission may, however, request additional information. Applicants are reminded that the Commission will provide no pre-financing for information measures benefiting from a grant under this call for proposals. Applicants must assume the entire cost of the information measures themselves. The Commission grant will be paid only after approval of the final technical and financial implementation report submitted by the beneficiaries at the end of the information measure, and where necessary, after excluding ineligible expenditure.

Applicants can request an interim payment (see details at point 3 of the call for proposals — Duration and Budget).

2. Award criteria

Each information measure will be evaluated by the ad hoc committee in the light of the following criteria:

1. *(maximum 30 points): the relevance and general interest of the measure* will be assessed, particularly in the light of:

   — the extent to which the goals and the content of the measure meet the objectives laid down in Article 1 of Regulation (EC) No 814/2000 and the priorities set out in point 2.1 and the types of measure listed in point 2.2 of the call for proposals (15 points),

   — the overall quality of the proposal. The conceptual approach and the results to be achieved must be clearly defined in the project proposals. The description of the measure and the objectives must be precise and the roles and responsibilities of the applicant and of each co-organiser must be clear. The programme for the measure must be detailed and the work schedule must be realistic and in keeping with the project goals (15 points);

2. *(maximum 30 points): the overall added value of the proposal* will be assessed, particularly in the light of:

   — the public targeted by the measure. Actions targeting several countries and 5 % of their population will be given preference (15 points),

   — the innovative and creative quality of the proposed measures (10 points),

   — the financial quality of the proposal. Proposals must show that the measure will offer good value for the financial support requested from the Commission and that it will be cost-effective (5 points);

3. *(maximum 25 points): the impact of the measure and the dissemination policy adopted* will be assessed, particularly in the light of:

   — the dimension, status and representativeness of the target audience (including indirect beneficiaries) in relation to the type of measure (15 points),

   — the capacity of the applicant and co-organisers to ensure effective follow-up and disseminate the results achieved, and of the dissemination channels used (in particular the press, radio and television, internet, direct distribution) and their role in the measure (10 points);

4. *(maximum 15 points): the evaluation of the measure will be assessed* particularly in the light of:

— the justification for the expected impact of the measure and of an analysis of the results after the execution of the measure (10 points),

— the techniques used (surveys, questionnaires, statistics, etc.) to measure the impact of the messages transmitted (5 points).

Any measure which has obtained at least 60 of the 100 points provided for criteria 1 to 4 and at least 50 % of the points available for each will be deemed to be of the best quality by the Evaluation Committee and will be proposed for a grant. The Commission may raise this minimum acceptable mark on the basis of the budget resources available. Please note that the Commission's final decision regarding the award of a grant may differ from the Evaluation Committee's proposal.

ANNEX IV

DRAWING UP THE BUDGET

The budget must comply with all the relevant rules laid down in Annex II (Eligibility and Exclusion Criteria). It must be submitted on the original forms (tables of expenditure and income).

The expenditure table must be specific and permit a clear understanding of each item of expenditure (e.g. no 'sundries'). The different categories of costs must be reflected in the description of the information measure (Form 3).

The income table must be specific and permit a clear understanding of each item of income/financial contribution and comply with the non-profit rule. Proof of contributions from other fund providers must be attached (see Document H of Annex I).

In order to facilitate the drawing up of the budget, an example of a correctly completed budget is available at the Internet address given in point 4.1.

The budget expenditure table must include only eligible costs (see below).

Any expenditure pre-dating the signature of the agreement will be incurred at the applicant's own risk and will not be legally or financially binding on the Commission.

1. **Eligible costs**

Eligible costs for the information measure are the costs actually incurred by the beneficiary which meet the following criteria:

(a) they are related to the subject of the agreement and are set out in the overall budget provided for the information measure;

(b) they are necessary for the implementation of the information measure which is the subject of the grant;

(c) they are **borne and paid by the beneficiary** during the period of the information measure as specified in Article I.2.2 of the grant agreement, i.e. backed by the original supporting documents (see table in point 3 below) and by the respective documents proving payment;

(d) they are identifiable and verifiable, in particular **being recorded** in the **accounting records of the beneficiary** and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost-accounting practices of the beneficiary;

(e) they are reasonable and justified, and comply with the requirements of sound financial management, particularly as regards economy and efficiency;

(f) they comply with the requirements of the tax and social legislation in force.

SUPPLIERS/SUBCONTRACTORS for services exceeding EUR 10 000

It should be noted that, where applicants intend to use suppliers/subcontractors and the amount of all the services to be rendered by one supplier/subcontractor exceeds EUR 10 000, they must submit to the Commission at least three tenders from three different companies, attach the tender selected, show that the supplier/subcontractor selected represents the best value for money and justify their choice if the tender selected is not the cheapest.

These documents must be submitted as soon as possible to the Commission and, at the latest, along with the final technical and financial reports.

Failure to do this entitles the Commission to consider those costs ineligible.

2. **Ineligible costs**

The following costs are not eligible:

— contributions in kind,

— unspecified or flat-rate expenditure apart from staff costs,

— indirect costs (rent, electricity, water, gas, insurance, taxes, etc.),

— cost of office supplies (paper, stationery, etc.),

— costs connected with the purchase of new or second-hand equipment,

— costs relating to the depreciation of equipment,

— costs not provided for in the projected budget,

— VAT, unless beneficiaries prove that they cannot recover it under the relevant national legislation. However, VAT paid by bodies governed by public law is not eligible,

— return on capital,

— debt and debt-service charges,

— provision for any future losses or debts,

— debit interest,

— dubious debts,

— exchange losses,

— costs declared by the beneficiary and covered by another measure or work programme receiving an EU grant,

— excessive or reckless expenditure.

3. **Specific provisions relating to eligible costs and the requisite supporting documents**

Category of expenditure	Eligible	Supporting document required (NB: Where more than one document is listed, all must be provided)
Staff costs	1. Employees A flat-rate sum will be paid: EUR 10 000 maximum for measures for which the total eligible costs (excluding the flat-rate amount for staff costs) are less than EUR 400 000 and EUR 25 000 maximum for measures for which the total eligible costs (excluding the flat-rate amount for staff costs) are between EUR 400 000 and EUR 950 000. This will cover the staff costs for preparation, performance, follow-up and evaluation.	No supporting documents are required in order to obtain the flat-rate amount. However, for analysis purposes, beneficiaries are requested to attach a document indicating the staff costs actually incurred in connection with the information measure.
	2. Self-employed persons	Invoice indicating at least the title of the information measure, the nature of the work carried out and the dates when the work was carried out. — Proof of payment.
Transport costs (1)	1. Train Cost of second-class travel by the shortest route (2).	— Ticket. — Proof of payment.
	2. Air Booking fees and the cost of air travel in economy class, using the lowest promotional fare available on the market (APEX, PEX, Excursion, etc.).	— Electronic reservation (including the price). — Used boarding pass. The boarding pass must state the name, date, place of origin and destination. — Where applicable, the travel agency invoice. — Proof of payment.
	3. Coach Intercity travel by the shortest route.	— Invoice indicating at least the place of departure and arrival, the number of passengers and the dates of travel. — Proof of payment.
	4. Ferry	— Ticket. — Proof of payment.

Category of expenditure	Eligible	Supporting document required (NB: Where more than one document is listed, all must be provided)
Accommodation	1. During preparation of the information measure Hotel accommodation up to a maximum amount per night determined by country. The relevant maximum amount can be found at the Internet address given in point 4.1 of this call for proposals ('Maximum accommodation costs (hotel) accepted by the Commission').	— Detailed invoice of the hotel stating the name of the persons, the dates and the number of nights. If the invoice relates to a group, the same information must be provided. — Description by the grant beneficiary of the purpose of the accommodation, the link with the co-financed information measure and the role of the persons concerned in the measure. — Where appropriate, record of the meeting. — Proof of payment.
	2. During implementation of the information measure Hotel accommodation up to a maximum amount per night determined by country. The relevant maximum amount can be found at the Internet address given in point 4.1 of this call for proposals ('Maximum accommodation costs (hotel) accepted by the Commission').	— Detailed invoice of the hotel stating the name of the persons, the dates and the number of nights. If the invoice relates to a group, the same information must be provided. Attendance list signed by the participants as requested for the technical report (see Article I.5.2.2 of the grant agreement). — Proof of payment.
Meals	Only during the implementation of the information measure up to a maximum amount (excluding VAT) of: — EUR 5 per person for coffee break, — EUR 25 per person for lunch, — EUR 40 per person for dinner,	Overall invoice [3] (from catering company, hotel, conference centre, etc.) indicating at least the title of the information measure, the date, the number of persons, the type of services provided (coffee breaks, lunches and/or dinners), the unit prices and the total price. Attendance list signed by the participants as requested for the technical report (see Article I.5.2.2 of the grant agreement). — Proof of payment.
Interpretation	1. Employees: the salary costs are included in the maximum flat-rate amount provided for under 'staff costs'.	No document required.
	2. Self-employed persons: up to an amount of EUR 600 per day (excluding VAT).	— Invoice indicating at least the title of the information measure, the source and target languages covered by the interpreting services, the dates when the services were provided and the number of hours worked. — Proof of payment.
Translation	1. Employees: the salary costs are included in the maximum flat-rate amount provided for under 'staff costs'.	No document required.
	2. Self-employed persons: up to a maximum amount of EUR 45 per page (excluding VAT). NB: One page is considered to be 1 800 characters without spacing.	— Invoice indicating at least the title of the information measure, the source and target languages covered by the translation services and the number of pages translated. — Proof of payment.
Consultants' and speakers' fees	Up to a maximum of EUR 600 per day (excluding VAT). The fees of experts or speakers are not eligible where the persons concerned are national, EU or international civil servants or members or employees of the organisation receiving the grant or an associated or affiliated organisation. Accommodation and transport costs: please refer to these categories of expenditure.	— Invoice indicating at least the title of the information measure, the nature of the work performed and the dates of performance. — Final conference programme including the name and position of the speaker. — Proof of payment.

Category of expenditure	Eligible	Supporting document required (NB: Where more than one document is listed, all must be provided)
Hire of conference rooms and equipment	NB: Hire of simultaneous interpreting booths is limited to a maximum of EUR 750/day (excluding VAT).	Invoice indicating at least the title of the information measure, the nature of the equipment and the dates of hire of the conference rooms and equipment. — Proof of payment.
Mailing costs	Postal or courier services used for sending documents relating to the information measure (such as invitations, etc.).	Detailed invoice indicating at least the title of the documents sent and the number involved or a receipt from the post office together with details supplied by the beneficiary. — Proof of payment.

(1) Only public transport costs (rail, air, ship) will be financed. It should be noted, however, that bus, underground, tram and taxi fares are not eligible.

(2) Where a class other than economy is used, expenses will be deemed to be eligible up to the amount of the economy-class fare, provided that a certificate specifying the fare in that class is provided by the transport company.

(3) Individual restaurant bills will not be accepted.

PROCEDURES RELATING TO THE IMPLEMENTATION OF COMPETITION POLICY

EUROPEAN COMMISSION

Prior notification of a concentration

(Case COMP/M.6299 — KKR/Sorgenia/Sorgenia France)

Candidate case for simplified procedure

(Text with EEA relevance)

(2011/C 212/12)

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 investments funds affiliated with KKR & Co. L.P. ('KKR', USA) and Sorgenia SpA ('Sorgenia', Italy), which is part of the group of companies controlled by Cofide, acquire, within the meaning of Article 3(1)(b) of the Merger Regulation, indirect joint control of Sorgenia France SA ('Sorgenia France', France), currently solely controlled by Sorgenia, by way of purchase of shares.

2. The business activities of the undertakings concerned are:

— KKR: provision of alternative asset management services and capital markets solutions,

— Sorgenia: generation, wholesale and retail trading of gas and electricity essentially in Italy,

— Sorgenia France: generation of electricity in France from renewable sources.

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.6299 — KKR/Sorgenia/Sorgenia France, 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.6238 — RREEF/SMAG/OHL — Arenales)

Candidate case for simplified procedure

(Text with EEA relevance)

(2011/C 212/13)

1. On 8 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 RREEF Pan-European Infrastructure Fund II, LP ('RREEF'), ultimately controlled by Deutsche Bank AG ('Deutsche Bank', Germany), acquires joint control within the meaning of Article 3(1)(b) of the Merger Regulation of Arenales Solar PS, S.L. ('Arenales', Spain), by way of a purchase of shares. Arenales is currently jointly controlled by Solar Millenium AG ('SMAG', Germany) and OHL Industrial, S.L., part of the Villar Mir group ('OHL/Villar', Spain).

2. The business activities of the undertakings concerned are:

— for undertaking RREEF/Deutsche Bank: financial services,

— for undertaking Arenales: building and operating a thermosolar power plant in Morón de la Frontera, Seville, Spain,

— For undertaking OHL/Villar: activities related to fertilizer, ferro-alloys, real estate, energy and the construction of industrial projects,

— For undertaking SMAG: the promotion, construction and operation of thermo-solar power plants.

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.6238 — RREEF/SMAG/OHL — Arenales, 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').

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[1] Text with EEA relevance

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