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25. februar 2003

Bilag
1

Journalnummer
400.C.2-0

Kontor
EU-sekr.



Til underretning for Folketingets Europaudvalg vedlægges Finansministeriets
redegørelse for rådsmøde (økonomi- og finansministre) den 18. februar 2003.

P. H. Olsen

MODTAGET I UDENRIGSMINISTERIET/EU-SEKRETARIATET

DEN 25/2-03

20. februar 2003
12 NHB

Referat af rådsmødet (ECOFIN) den 18. februar 2002

Dagsordenspunkt 1: Forberedelse af Det Europæiske Råds forårstopmøde

a) Lissabon-strategien og de overordnede økonomisk-politiske retningslinier

Kommissionens forårsrapport

Der var på grundlag af Kommissionens præsentation en drøftelse af Lissabon-strategien, herunder prioriteter for Det Europæiske Råds forårstopmøde 2003, og Kommissionens sammenfattende rapport (synteserapport) om fremskridtene vedrørende beskæftigelse, innovation, økonomiske reformer og social samhørighed på grundlag af strukturelle indikatorer.

De overordnede økonomisk-politiske retningslinier: 'Key-issues' papiret og rapport om gennemførelse

Der var en drøftelse af formandskabets udkast til 'key issues' papiret vedrørende de overordnede økonomisk-politiske retningslinier for 2003. 'Key issues' papiret ventes på baggrund af drøftelsen vedtaget på ECOFIN den 7. marts og fremsendt til Det Europæiske Råds forårstopmøde i marts 2003.

Endvidere vedtog Rådet - for første gang, som følge af beslutningen den 3. december 2002 om at strømline de økonomiske samarbejdsprocesser og give større opmærksomhed til implementeringen af retningslinjerne - konklusioner (vedlagt) vedrørende Kommissionens implementeringsrapport om gennemførelsen af de overordnede økonomisk-politiske retningslinier for 2002. Rådskonklusionerne indgår i ECOFIN's bidrag til Det Europæiske Råds forårstopmøde i marts 2003.

Rådskonklusionerne støtter hovedkonklusionerne i Kommissionens implementeringsrapport, herunder at EU har gjort fremskridt med hensyn til strukturreformer de seneste år, men at reformerne af arbejds-, produkt- og kapitalmarkederne er for langsomme og utilstrækkelige. Rådet noterer sig, at Den Økonomiske og Politiske Komité (EPC) vil forberede en rapport om behovet for strukturreformer i kandidatlandene som følge af Lissabon-strategien. For så vidt angår den økonomiske udvikling vurderes det, at stigende usikkerhed har undermineret tillid og økonomisk aktivitet, om end beskæftigelsen er steget bl.a. som følge af allerede gennemførte

strukture reformer. Endvidere konstateres det, at der for de lande, som endnu ikke opfylder målsætning om offentlige finanser tæt på balance eller i overskud, er behov for en årlig tilpasning i den underliggende budgetsaldo på mindst 0,5 pct. af BNP.

b) Eurozone statistikker og indikatorer

Den fælles rapport fra Rådet og Kommissionen om eurozone statistikker og indikatorer blev godkendt af Rådet og vil herefter blive fremsendt til Det Europæiske Råds forårstopmøde i marts 2003.

Rapporten opfordrer bl.a. Det Europæiske Råd til at støtte det sæt af centrale økonomiske indikatorer for EU/euroområdet, som Kommissionen har opstillet, og herunder notere, at der er særligt behov for fremskridt i arbejdsmarkedsstatistikken, kvartalsvise nationalregnskaber opdelt på sektorer, beregningerne af pris- og mængdeændringer (økonomisk vækst) og statistik for serviceerhvervene. Rapporten nævner behovet for, at de nye medlemslande hurtigt integreres i det statistiske samarbejde. Endvidere påpeges, at en gennemførelse af de ønskede forbedringer må afstemmes med omfanget af eksisterende statistikker og erhvervslivets indberetningsbyrde.

c) Styrkelse af den økonomiske politik koordination

Der var en drøftelse af Kommissionens meddelelse om en styrkelse af koordineringen af den økonomiske politik og de indeholdte forslag hertil inden for rammerne af de eksisterende mekanismer i traktaten og stabilitets- og vækstpagten. Drøftelsen vedrørte bl.a. spørgsmål om betingelser for igangsættelse af 'early warning' proceduren, retningslinier for overvågning af gældsudviklingen i medlemslandene, opdatering af adfærdskodeksen vedrørende indholdet og formatet af stabilitets- og konvergensprogrammerne samt mulighed for midlertidig afvigelse fra målsætningen om 'tæt på balance eller overskud' for de lande, der allerede opfylder deres mellemfristede målsætning.

Den økonomiske og Finansielle Komité (EFC) vil på grundlag af ECOFIN's drøftelse udarbejde udkast til rådskonklusioner med henblik på vedtagelse på ECOFIN den 7. marts 2003 og efterfølgende fremsendelse til Det Europæiske Råds forårstopmøde i marts 2003.

Dagsordenspunkt 2: Tilpasning af afstemningsreglerne i ECB's Styrelsesråd

Rådet vedtog konklusioner (vedlagt) vedrørende en tilpasning af afstemningsreglerne i Den Europæiske Centralbanks (ECB) Styrelsesråd, hvori ECB's forslag om rotation af stemmerettigheder blandt centralbankdirektører, når antallet af eurolande overstiger 15, tages til efterretning, og Europa-Parlamentet og Kommissionen opfordres til snarest at fremsætte deres udtalelser herom. Rådet understreger betydningen af at undgå usik-

kerhed om den fortsatte effektivitet i ECB's institutionelle struktur i lyset af det fremtidige øgede antal eurolande.

Sagen ventes på dagsordenen for ECOFIN den 7. marts 2003 med henblik på Rådets vedtagelse med enstemmighed af et udkast til en beslutning af Rådet i sin sammensætning af stats- og regeringschefer. Rådet i sin sammensætning af stats- og regeringschefer forventes efterfølgende, på basis af udkastet til beslutning fra ECOFIN og under hensyn til Kommissionens og Europa-Parlamentets udtalelser, enstemmigt at træffe beslutning om en anbefaling til medlemslandene om tilpasningen af afstemningsreglerne i Styrelsesrådet. Ændringen skal herefter godkendes af samtlige 15 nuværende medlemslande ved enstemmighed.

Dagsordenspunkt 3: Stabilitets- og vækstpakten – Vurdering af opdaterede stabilitets- og konvergensprogrammer for Danmark, Storbritannien, Spanien, Belgien og Irland

Rådet vedtog udtalelser (vedlagt) om konvergensprogrammerne for Danmark og Storbritannien samt stabilitetsprogrammerne for Spanien, Belgien og Irland. Kommissionen afgav desuden i tilknytning til Rådets udtalelse en erklæring vedr. det britiske konvergensprogram.

For så vidt angår Danmark konstaterer Rådet, at Danmark fortsat opfylder konvergenskriterierne og fortsat har sunde offentlige finanser. De makroøkonomiske prognoser vurderes at være realistiske, og der afgives positive vurderinger af dansk økonomi og de fremtidige udsigter, herunder i forhold til befolkningens aldring. Samtidig peges bl.a. på behovet for strukturreformer på arbejdsmarkedet, som også påpeget i det danske konvergensprogram.

For så vidt angår Storbritannien udtales bl.a., at Storbritannien med den nuværende politik er godt rustet til at sikre holdbare offentlige finanser i lyset af det stigende antal ældre, samt at Storbritannien opfylder konvergenskriterierne vedr. rente og inflation med en vis margin. Endvidere udtales, at det forudsete underskud i 2003-2004, i lyset af de optimistiske vækstsken på kort sigt, indebærer, at Storbritannien kan risikere at komme tæt på referenceværdien på 3 pct. af BNP, hvilket ikke vil være i overensstemmelse med stabilitets- og vækstpakten. Derfor opfordres Storbritannien til at stile mod et mellemfristet mål for de offentlige finanser, der er i overensstemmelse med stabilitets- og vækstpaktens målsætning om en saldo tæt på balance eller i overskud.

Får så vidt angår Spanien udtales bl.a., at de finanspolitiske mål i stabilitetsprogrammet grundlæggende lever op til stabilitets- og vækstpakten og den mellemfristede målsætning om en saldo tæt på balance eller i overskud gennem hele programperioden, at der fortsat er risiko for holdbarheden af de offentlige finanser på langt sigt, at Rådet opfordrer Spanien til at opnå enighed om en tidsplan for politisk beslutning og implemente-

ring af en reform af pensionssystemet, der sikrer bedre overensstemmelse mellem bidrag og pensioner, samt at der fortsat er behov for strukturelle reformer, særligt for at øge beskæftigelsen.

For så vidt angår Belgien udtales bl.a., at der er behov for en stram styring af offentlige udgifter, herunder at der sikres overensstemmelse mellem budgetmæssige omkostninger ved strukturreformer og målene for gælds-nedbringelse og den langsigtede holdbarhed af de offentlige finanser, samt yderligere tiltag for sikre fortsat overskud på den primære budgetsaldo og en fortsat nedbringelse af den offentlige gæld. Rådet udtaler endvidere, at gælds-nedbringelsen bør suppleres med tiltag med henblik på forøgelse af den ældste del af arbejdsstyrkens beskæftigelsesrate.

For så vidt angår Irland påpeges risikoen for et fremtidigt finansierings-gab, og i denne forbindelse opfordrer Rådet Irland til at arbejde for at sikre et budget tæt på balance eller i overskud samt at styrke indsatsen for holdbare offentlige finanser på lang sigt. Endvidere opfordres Irland til at udvikle en normbaseret udgiftsstyring og samtidig sikre en holdbar finansiering af de forventede offentlige sociale velfærdsudgifter.

Dagsordenspunkt 4: Skattespørgsmål

Energibeskatning

Punktet blev udskudt til ECOFIN den 7. marts 2003.

Administrativt samarbejde om moms

Der blev opnået politisk enighed om forslag til ny forordning om administrativt samarbejde på momsområdet og ændret direktiv om gensidig bistand, idet de medlemslande, som hidtil har været imod at medtage forsikringspræmier i direktivet om gensidig bistand, nu har accepteret udvekslingen af disse oplysninger. Dette indebærer, at der skabes én retlig ramme for det gensidige samarbejde mellem medlemslande på momsområdet, og at den ny forordning erstatter, styrker og moderniserer bestemmelserne i den gældende forordning samt omfatter bestemmelserne fra direktivet. Det overordnede formål med forslaget er at forbedre indsatsen mod momssvig ved at udbygge samarbejdet mellem de administrationer, der er ansvarlige for momskontrollen, således at grænserne mellem skatte- og afgiftsforvaltningerne ophæves, og embedsmændene i højere grad arbejder sammen, som om de tilhørte én og samme forvaltning.

Forslaget vil nu blive sendt i høring i Europa-Parlamentet forud for vedtagelse som a-punkt på et kommende rådsmøde.

Dagsordenspunkt 5: Komitéen for finansielle tjenester

Rådet traf beslutning (vedlagt) om etablering af Komitéen for finansielle tjenester (FSC), i overensstemmelse med rådskonklusionerne og rapporten om finansiell lovgivning, tilsyn og stabilitet fra 3. december 2002. FSC

får til opgave at give overblik og rådgive Rådet og Kommissionen vedrørende de finansielle markeder uden at anfægte Kommissions eneret til at fremsætte forslag. FSC vil bestå af repræsentanter fra medlemslandene og Kommissionen og have en formand og vice-formand, der udpeges blandt medlemslandenes repræsentanter. EFC blev givet mandat til at vælge den første formand for FSC. FSC's sekretariat vil blive placeret i Rådssekretariatet. Rådets beslutning vil blive genovervejet i anden halvdel af 2004. Herudover udtalte Rådet, at formanden for FSC ideelt set bør være et medlem af EFC.

Dagsordenspunkt 6: Statistik

a) Øget kvalitet af budgetstatistikker

Rådet vedtog konklusioner (vedlagt) om en kodeks for god praksis vedrørende indsamling og indberetning samt kvaliteten af budgetdata med henblik på at sikre en hensigtsmæssig gennemførelse af den vedtagne overvågning og koordinering af finanspolitikkerne inden for rammerne af traktaten om stabilitets- og vækstpagten, herunder i forbindelse med proceduren om uforholdsmæssigt store budgetunderskud.

b) 5. fremskridtsrapport om informationskrav i ØMU

Rådet vedtog konklusioner (vedlagt), hvori EFC's udkast til den 5. fremskridtsrapport om informationskrav i ØMU endosseres.

Rapporten fokuserer på gennemførelsen af den godkendte handlingsplan fra september 2000 og EFC's oprindelige rapport, endosseret af ECOFIN i 1999, samt på behovet for yderligere forbedringer. Rådet finder bl.a., at en række medlemslande bør gøre en større indsats for at leve op til handlingsplanens målsætninger, at der er behov for at genoverveje prioritering i lyset af kravene om overordnede EU/euro-indikatorer, ny betalingsbalancestatistik og statistik for tjenesteehvervene, samt at der bør forelægges en opfølgingsrapport i 2004, som også inkluderer de nye medlemslande.

A-punkter

Rådet vedtog uden drøftelse fælles holdning vedrørende forordningen om nationalregnskaber.

Bilag

Rådskonklusioner vedrørende Kommissionens implementeringsrapport om gennemførelsen af de overordnede økonomisk-politiske retningslinier for 2002

"1. The Council broadly welcomes the Commission's thorough Implementation Report. The Council believes that detailed assessment of performance against the strategy set out in the BEPGs provides a valuable means for monitoring progress and giving guidance for areas where further progress is particularly needed. Following the mandate from the Barcelona European Council and in line with the Council report on streamlining of 3 December 2002, there will henceforth be a stronger focus on the outcomes to be achieved and on implementation. Examining the Implementation Report has allowed the Council to form a collective view of the progress made so far, which will in turn help the Council to identify priorities for the future.

2. The Council highlights many areas where progress has been made: labour market reforms have contributed to higher labour market participation, although performance is unevenly spread among Member States and participation targets set in Lisbon and Stockholm are not yet within reach. Good progress has been made in harmonising competition policies and in implementing the Financial Services Action Plan; these initiatives now need to be implemented promptly so to realise their benefits.

Although past structural reforms are starting to pay off, the pace of reform has lost momentum. More progress still needs to be made in order to foster the growth potential of EU economies and to EU to fulfil the strategic Lisbon goal. Despite some measures in the right direction, there is ample scope to improve the quality and sustainability of public finances; the long-run sustainability of public finances in most Member States is not yet secure. Further labour market reforms are absolutely crucial to reduce structural unemployment and increase the labour supply, thereby contributing to a relatively robust labour market situation.

The macroeconomic situation

3. During the second half of 2002, the macroeconomic situation was significantly worse than foreseen at the time of the adoption of the 2002 BEPGs. Following a promising pick-up in the first quarter of 2002, growth failed to accelerate thereafter and did not reach rates close to or above potential in the second half of 2002 as had been envisaged in the 2002 BEPGs. In the event, mounting uncertainty, fuelled by continuing stock market losses and global political tensions, has undermined confidence and economic activity.

4. Against this background, labour markets continued to show resilience, partly as a result of structural reforms already implemented and despite the need for further reforms (see below). Overall, wage developments were rather high in 2002 and contributed to persistently high core inflation. While slowing down considerably, job creation continued to outpace job losses so that on balance employment continued to grow. Another positive feature was that, during a time of heightened uncertainty, the single currency protected its members from the poten-

tially destabilising and debilitating effects of intra euro area exchange rate volatility. Meanwhile, the euro strengthened against major trading partners' currencies.

5. Budgetary positions deteriorated in 2002 for the second consecutive year. This was to be expected in as far as it reflected the work of the automatic stabilisers. However, it was also due to expenditure overruns, unfunded tax changes and revenue shortfalls in several countries (e.g. Germany, France, Ireland and Austria) which led to a deterioration in their underlying budgetary position. The Council decided that an excessive deficit exists in Germany and Portugal. The Council also adopted a recommendation with a view to giving an early warning to France in order to prevent the occurrence of an excessive deficit. The Council has made recommendations to the countries which have not yet reached that objective, to achieve budgetary positions of close to balance or in surplus and to seek an improvement in the underlying budgetary position of at least 0.5% each year.

Structural reforms

6. With regard to structural reforms, the Council welcomes the annual detailed country review carried out by the Economic Policy Committee in January 2003. The review was based on Member States' Cardiff Reports on progress with structural reforms and was underpinned by the Commission implementation report whose comprehensive and thorough analysis was helpful. The Committee assessed progress with reforms in goods, capital and labour markets, as well as with respect to pension and early retirement systems, towards the strategic goals set in Lisbon and sought to clarify how the reform process can best be accelerated. The Council welcomes the broad scope of the annual country review, which is on the entire Lisbon agenda and goes beyond assessment of the implementation of the 2002 BEPGs. The Council notes that the Economic Policy Committee prepares a report on structural reform challenges in candidate countries arising from the Lisbon strategy.

7. Reforms have started to pay off. However, EU economies still have a long way to go to fulfil the Lisbon objectives. The detailed peer review carried out by the Economic Policy Committee broadly confirms the Commission's analysis that, since the Lisbon objectives were set, the EU's progress with reforms in labour, product and capital markets has been too slow and clearly insufficient. A marked acceleration is required for the strategic goals to become within reach. For example, the overall employment rate has increased to 64% in 2001, which is 1.7 percentage points higher than in 1999, but still far from the aim of 70% on average for the Union by 2010.

8. The Council welcomes the efforts made in several Member States to enhance flexibility in the labour market (France, Spain, Italy and Portugal); to promote female labour force participation through increased childcare facilities (Germany, Spain, Ireland and Luxembourg) or improved financial incentives (Belgium, Spain and Ireland). However, beyond that, current labour market reforms are limited - in particular, when it comes to responding to the call from the European Council in Barcelona to raise the effective average age at which people stop working by five years and more efforts are needed to foster labour mobility and increase the effectiveness and efficiency of active labour market policies. Re-

form is urgent, notably because of the huge challenges arising from the ageing population. The Council welcomes the efforts made in some Member States (Portugal, Greece, Finland and the UK) to reform their pension systems in 2002.

9. The good progress made in the competition field should continue as the authorities make use of their modernised powers and role. The liberalisation process of network industries has gone on and is delivering tangible benefits to consumers, even if competition is still in many cases insufficient and a level playing field for competition is not yet established. Only five Member States so far (Denmark, the Netherlands, Finland, Sweden and the UK) meet the target of a transposition deficit of 1.5 per cent or less (to be achieved by spring 2003). Three Member States (France, Greece and Portugal) have a deficit of more than double that target. On the other hand, progress towards achieving less but better state aid has increased, with the downward trend in state aid (except in Denmark, Ireland, Luxembourg and the Netherlands) and the relative importance of horizontal aid has increased, which is welcome.

10. Encouraging progress has been made in integrating financial markets since the European Council in Barcelona. Further progress with the Financial Services Action Plan and the Risk Capital Action Plan should foster an effective integrated European market for financial services. Ongoing consolidation can contribute to more efficient financial markets. However, it also demonstrates the need for the Commission to be fully prepared to respond to the evolving structure of the EU's financial markets as integration proceeds, and also to apply strictly competition rules in the field of financial services. The Council welcomes steps taken to strengthen financial supervision across sectors, but further improvements are needed in cross-border co-ordination. In this respect, the Council recalls its conclusions of 3 December 2002 on EU arrangements for financial regulation, supervision and stability and re-states the need for implementation of the new arrangements as soon as possible.

11. The Council notes some progress in improving the entrepreneurial environment. Some progress has been made to speed up and clarify bankruptcy and insolvency procedures and reduce the stigma on failure which still prevails in most Member States. But progress is patchy and more needs to be done. All Member States implemented the European Charter for Small Enterprises and a number of Member States also took measures to reduce the time and cost to set up a new company (including France, Greece, Italy, Austria and Portugal). Some countries lowered corporate tax rates (France, Ireland, the Netherlands and Portugal) and Greece simplified its system.

12. The Council welcomes the progress made in terms of ICT, internet usage and education, but notes that the gaps in terms of patenting and business R&D remain large and persistent. In education, an effort has been undertaken to ensure quality, efficiency and achievement of defined targets. In R&D, progress towards the Barcelona target of 3% of GDP expenditure on R&D and innovation has been positive, but insufficient. Also progress has been made in co-ordinating national research activities. It is important that the Community Patent is swiftly agreed upon.

13. Environmental sustainability has been given a higher profile, but progress has been mixed. Existing energy and/or carbon taxes were increased in some Member States (Germany and Sweden), while others took more direct measures to

promote the environmental protection (the Netherlands, France and the UK). Good progress was made towards adopting an EC emissions trading scheme. However, little progress was made in reducing environmentally pernicious subsidies and tax exemptions.

Events since the publication of the Implementation Report

14. The Council also noted with satisfaction one positive development since the publication of the Commission's Implementation Report, namely the political agreement reached on the taxation of savings at the Council's meeting of 21 January. Conclusion

15. The Council welcomes the progress made in budgetary and structural reforms, which have contributed to increase the resilience of the European economies. Reforms in the labour market have contributed to an increase in the job content of growth. However, the European economies still have a long way to go to fulfil the Lisbon objectives. Against this background it regrets that the reform programme has lost momentum during the downturn. It is imperative that it picks up again quickly. The Council will take this review of implementation into account when it prepares its Key Issues Paper for the Spring European Council."

Rådskonklusioner vedrørende en tilpasning af afstemningsreglerne i ECB's Styrelsesråd

"1. The Council welcomes the presentation by the ECB of a recommendation for an amendment of Article 10.2 of the ESCB and ECB Statute. The timely submission of this proposal immediately after the entry into force of the Treaty of Nice facilitates a rapid completion of the procedure as foreseen by the new Article 10.6 of the ESCB Statute. It notes that the ECB recommendation remains fully within the scope of the enabling clause of Art. 10.6 of the Statute, which confines the amendment of the ESCB Statute to Article 10.2 specifying the voting rules in the Governing Council.

2. The Council considers it important to preclude any uncertainty about the continued effectiveness of the governance structures of the ECB in view of a future expansion of the euro area.

3. In view of the timetable, the Council urges the European Parliament and the Commission to provide their opinions as soon as possible. The Council takes note of the ECB recommendation and calls on the Permanent Representatives Committee to undertake an examination of it with a view to presenting a text ready for final consideration at the ECOFIN Council at its meeting of 7 March 2003, for submission to the Council in the composition of heads of State and Government at its meeting of 21 March 2003 for final decision."

Rådets udtalelser vedrørende konvergensprogrammerne for Danmark og Storbritannien samt stabilitetsprogrammerne for Spanien, Belgien og Irland

COUNCIL'S OPINION ON THE UPDATED E CONVERGENCE PROGRAMME OF DENMARK

"The Council of the European Union,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and co-ordination of economic policies¹, and in particular Article 9 (3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

has delivered this opinion:

On 18 February 2003 the Council examined Denmark's updated Convergence Programme, which covers the period 2002-2010. The programme is rich in information especially with regard to the amount of data provided for the analysis of medium- and long-term challenges of the Danish public finances and complies with the code of conduct. The economic policies as reflected in the planned measures in the convergence programme update comply with the 2002 Broad Economic Policy Guidelines.

The economy has largely developed as foreseen in the 2001 update. The slowdown of economic growth in 2001 was estimated to result in GDP growth at 1.1%. The latest figure is 1.4%. For 2002 a small increase in GDP growth to 1.5% is expected which is in line with what was foreseen in the previous update. In 2003 and 2004 GDP growth is estimated at 1.8% and 2.1% driven solely by domestic demand. The Council notes that the macro-economic projection seems plausible and it is in line with the Commission's Autumn forecast.

The Council notes with satisfaction that Denmark has continued to fulfil the convergence criteria on inflation, long-term interest rate, the exchange rate and public finances.

The public finance strategy presented is largely unchanged from previous years and continues to have a strong focus on ensuring sustainable public finances in the medium- and long-term. The foundation for the strategy continues to be both the maintenance of general government sur-

pluses in the order of 1½-2½% of GDP on average towards 2010 and the tax freeze, which is also intended to help ensure expenditure control. In order to obtain the budgetary targets stipulated in the medium term projection it is acknowledged by the Danish government in the programme that further labour market reforms are needed. The Council welcomes that the tax freeze has so far been implemented for all levels of government - a development which is in line with the Broad Economic Policy Guidelines.

The Council notes with satisfaction that public finances in Denmark continue to remain healthy. The outcome for 2001 was better than expected. For 2002 to 2004 the update forecasts budget surpluses of 1.6, 1.9 and 2.4% of GDP, which is broadly in line with the Commission's estimates. For the rest of the period (2005-2010) the programme projects surpluses around 2% of GDP. The debt is expected to decrease from 44% of GDP in 2002 to 26% of GDP in 2010.

The Council notes that also in underlying terms public finances should remain sound over the projection period with surpluses of around 2% of GDP. Denmark will therefore continue to comply fully with the requirements of the Stability and Growth Pact.

The achievement of the medium term public finance targets hinges to a large extent on the realisation of some ambitious labour market goals which include increasing the labour force participation rates from their already high level. The Council notes that the programme acknowledges that to obtain these goals further labour market reforms are required. Compared to the previous update a quantification has been made of the consequences in the event that the reforms are not implemented. The Council welcomes this innovation and notes that a short-fall due to non-realisation of the labour market goals may have important implications for reaching the projected developments of public finances. Furthermore, if the current downturn in the labour market is prolonged it may also pose a risk to the projected surpluses. The Council therefore encourages the Danish authorities to proceed with these reforms with determination.

The Council considers that on the basis of current policies, public finances appear to be on a sustainable footing to meet the budgetary costs of ageing populations, benefiting from the running of budget surpluses, and a projected accumulation of large net assets in both pension funds and government.

The Council notes the intention of the Danish authorities to reduce the tax ratio by 2010, and considers that this can be achieved while at the same time ensuring the sustainability of public finances. However, the tax ratio in Denmark will remain high compared to other industrialised countries, and consideration could be given to further reductions, in a framework of sound public finances."

***COUNCIL'S OPINION ON THE UPDATED CONVERGENCE
PROGRAMME OF THE UNITED KINGDOM***

"The Council of the European Union,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and co-ordination of economic policies¹, and in particular Article 9 (3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

has delivered this opinion:

On 18 February the Council examined the United Kingdom's updated convergence programme, which covers the period 2001-02 to 2007-08. This update provides detailed information, including the analysis of the long-term sustainability of public finances, which is broadly in line with the code of conduct. The economic policies as reflected in the planned measures in the convergence programme update comply in part with the 2002 Broad Economic Policy Guidelines.

The Council considers it appropriate that the programme stresses, as did the previous programme, the importance of securing macro-economic stability supported by sound monetary and fiscal policies and continued structural reform. The Council notes with satisfaction that these policies have delivered low and stable inflation in recent years. The convergence criteria on inflation and long term interest rates are fulfilled with some margin and the programme projects that the inflation target will continue to be achieved over the programme period. The Council recommends that the United Kingdom continue with the stability-oriented policies with a view to securing exchange rate stability which, in turn, should help reinforce a stable economic environment.

The programme is based on public finance projections that assume GDP growth rising from 1.6% in 2002 to 2.5% in 2003, and 3% in 2004 and 2¾% in 2005. This is in line with the Commission Autumn 2002 forecast. The Council considers that the macro-economic forecasts appear now to be optimistic in the short term and that there are downside risks to growth. However, the trend growth assumption of 2¾% is consistent with Commission services calculations and higher than the 2½% used in the programme that underpins the projections of the government finances. The general

government finances are projected, in the programme, to show deficits of 1.8% of GDP in the current fiscal year, 2002-03, and 2.2% in 2003-04. In cyclically adjusted terms, these would be equivalent to 1.1% and 1.4% of GDP, respectively. The deficit would be around 1.6% of GDP in the final years of the programme - 2005-06 to 2007-08 - both in nominal and cyclically adjusted terms. Much of the rise in the deficit over the programme period results from the planned reversal of the decline in public investment relative to GDP.

This reversal is in itself in line with the 2002 Broad Economic Policy Guidelines. The Council notes, with approval, that the UK gross debt to GDP ratio is projected to remain relatively low at around 39% in 2003-04 and subsequently.

The Council notes that the actual projected deficits in 2002-03 and 2003-04 are now substantially higher than those foreseen in the previous programme update by 0.7 and 0.9 percentage points of GDP respectively. The Council acknowledges that this rise in the deficit in 2002-03 and 2003-04 results mainly from cyclical factors.

The Council notes that the relatively high projected deficit of 2.2% of GDP in 2003-04 is based on GDP growth assumptions of 2.5% in 2003 and 3% in 2004 which now appear to be optimistic in light of global uncertainty. Therefore, such budgetary plans could lead to a deficit that could potentially breach the 3% of GDP reference value and, consequently, they would not be in line with the requirements of the Stability and Growth Pact.

The Council notes that the deficits projected for the later years of the programme are at around 1½% of GDP, both actual and cyclically adjusted. Consequently, the Council recommends that the UK authorities should aim for a medium-term budgetary position that is in line with the close to balance requirement of the Stability and Growth Pact.

The projections show a low and stable level of the general government gross debt-to-GDP ratio from 2003-04. The Council notes that on the basis of current policies, ageing populations are projected to have a limited impact on public spending on pensions as a share of GDP. While recognising that the debt levels are well below the 60% of the GDP reference value, the Council considers that following the close to balance or in surplus requirement should help to ensure the sustainability of the public finances in the longer term.

The Council welcomes the attention paid to the sustainability of public finances in the convergence programmes and notes with interest the variety of indicators used to examine long-run budgetary challenges and issues related to intergenerational equity. The Council considers that on current policies and the assumptions in the programme, the UK is well placed to meet the budgetary costs associated with ageing populations. The Council

notes, however, that much of the financial sustainability of the pension system depends on the performance of private pension providers. If private provision produces significantly less than the anticipated coverage or level of pensions, future governments may face increased claims of means-tested benefits.

Therefore, it considers that a budgetary position of a limited deficit in the medium term would help avoid any risk of emerging budget imbalances in the context of ageing populations and give greater assurance to the programme view that the public finances, based on current policies, are sustainable in the long-term..

The Council welcomes the measures of economic reform which, among other objectives, are intended to achieve a higher sustainable rate of productivity growth. In view of the relatively low level of productivity in the UK, compared to its competitors, the Council welcomes these measures."

The Commission presented the following Declaration on the updated convergence programme of the United Kingdom:

"Since the UK's projections show a low and stable level of the general government gross debt-to-GDP ratio from 2003-04-well below the 60% of the GDP reference value- and, on the basis of current policies, ageing populations are projected to have a limited impact on public spending, the Commission believes that the UK authorities could be allowed a small deviation from the balanced budget rules, but that they should ensure that the 3% deficit ceiling is not breached in any year."

COUNCIL'S OPINION ON THE UPDATE OF THE STABILITY PROGRAMME OF SPAIN

"The Council of the European Union,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and co-ordination of economic policies², and in particular Article 5 (3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

has delivered this opinion:

On 18 February 2003 the Council examined Spain's updated stability programme, which covers the period 2002-2006.

The information provided in the updated programme is broadly in line with the revised code of conduct. However, the updated programme was submitted approximately four weeks late.

The Council considers that the economic policies as reflected in the planned measures in the programme update comply broadly with the 2002 Broad Economic Policy Guidelines.

The Council notes that implementation in 2002 of the previous update has been broadly successful. Slightly weaker than expected growth and some primary expenditure overrun both contributed to a modest deficit of 0.2% of GDP (cyclically-adjusted on the basis of trend GDP, 0.3% of GDP). The negative outturn was most divergent for the autonomous communities, while the social security sector achieved a higher-than-expected surplus. The debt ratio fell broadly in line with plans, reaching an estimated 55.2% of GDP at the end of 2002. Structural reform measures were implemented as planned and in accordance with the 2002 Broad Economic Policy Guidelines, notably including the passage of legislation (to take effect from 2003) reforming personal income tax with the aim of giving greater incentives for labour market participation, geographical mobility and long-term saving.

The update's macroeconomic scenario is centred on GDP growth recovering from 2.2% in 2002 to 3.0% in 2003 and remaining at that level for the remainder of the programme period. Although this may be slightly optimistic for 2003, the medium-term projection may actually be somewhat prudent relative to potential. However, the inflation projection of 2.5% (in terms of the private consumption deflator) per annum should not be accepted complacently. It underlines the need for further structural reforms in the service sector, in particular in retail distribution and land regulation. More generally, it underlines the need for increasing overall productivity. Phasing out wage indexation while maintaining wage moderation, as recommended in recent Council Opinions¹, would also be instrumental in this regard.

The Council broadly welcomes the update's confirmation of the existing fiscal strategy, though revenue and expenditure shares are higher than in the previous update and the tax ratio now rises slightly during the period despite the 2003 personal income tax reform. Primary current expenditure is planned to decline modestly by around a half-percentage point during the programme period while the reduction in interest costs is balanced by strengthening investment. In contrast, the debt-to-GDP ratio is set to decline slightly more quickly than previously foreseen, resulting mainly from a level of inflation almost a half-percentage point higher than projected a year ago, to a relatively low 47% of GDP by 2006.

The underlying budget balance rises by over a half-percentage point over the programme period, to a surplus of 0.3% of GDP in 2006. The programme targets, including their evaluation in underlying terms, thus clearly respect the close-to-balance or in surplus objective of the Stability and Growth Pact throughout the period. The Council therefore considers that Spain continues to be in conformity with the provisions of the Stability and Growth Pact, with the targets set to meet the objective with an increasingly comfortable margin.

By general government sub-sectors, the update implies some sharp sectoral shifts in net lending during the programme period. Notably, territorial governments, within the framework of the General Law of Budgetary Stability which prescribes that budgets of each public entity should be drawn up to be in balance or surplus, are called upon in 2003 to eliminate the deficit estimated for 2002. Especially in the light of the phased transfer underway of important tax and spending powers to regional authorities, the Council welcomes the fiscal discipline framework set by the General Law of Budgetary Stability. This needs to be implemented effectively while preserving adequate margins of manoeuvre for the working of the automatic stabilisers in either direction.

The Council welcomes the fact that the updated programme gives greater weight compared with the previous update to the issue of the long-term sustainability of the public finances. It notes the commitment to achieve balanced budget positions leading to a continuous debt reduction as well as that some measures to increase employment rates and the incentives for active ageing and private pension schemes were taken. It nevertheless considers that these are just steps towards the adequate reorientation of policy in line with its previous Opinions.

Although the revised demographic projections presented would imply a somewhat more moderate budgetary impact than earlier projections, the Council considers that on the basis of current policies the risk of unsustainable public finances in terms of emerging budgetary imbalances in the long run cannot be excluded: such a risk essentially stems from the large projected increase in age-related spending on public pensions. Strengthening long-term sustainability should therefore remain of primary concern in the framework of an ambitious three-pronged strategy. In this respect, the Council notes that no major review of the public pension system has yet been undertaken, in contrast with the recommendations in both the previous Opinion and the 2002 Broad Economic Policy Guidelines. The Council urges the Spanish authorities to agree a timetable for reaching policy conclusions and implementation of the envisaged reform of the pension system to align more closely contributions and benefits. Assets of the public pensions reserve fund created in 2000 to finance future liabilities will stand in 2003 slightly above 1% of GDP, which compares to a target of 1% in 2004. New targets which will substantially reinforce the fund

now need to be set if this fund is to make a substantial contribution to meeting the costs of ageing populations.

Finally, the Council welcomes recent initiatives for structural reform in the labour, capital and product markets. It recommends further progress in these areas to support employment-oriented and non-inflationary growth with lower inflation than recorded hitherto. Particularly, although improvement in the labour market in recent years has been notable, persistence of relatively low total and female employment and wide regional unemployment disparities call for sustained efforts. Such efforts would be consistent with the 2002 Broad Economic Policy Guidelines."

COUNCIL'S OPINION ON THE UPDATED STABILITY PROGRAMME OF BELGIUM

"The Council of the European Union,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and co-ordination of economic policies¹, and in particular Article 5(3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

has delivered this opinion :

On 18 February 2003 the Council examined the 2002 update of the stability programme of Belgium, which covers the period 2003-2005. The programme broadly complies with the requirements of the Code of conduct on the content and format of the stability and convergence programmes; the Council considers that the economic policies as reflected in the programme update comply partly with the recommendations of the Broad Economic Policy Guidelines.

The Council notes that economic activity remained weak in 2002 as real GDP growth is estimated at 0.7% as against 1.3% projected in the 2001 update. The impact of economic slowdown on public finances was contained in 2002 and the general government accounts reached balance after recording a surplus of 0.2% of GDP in 2001 (or a surplus of 0.4% of GDP if UMTS receipts are included). In 2001 and 2002, the decline in the government debt ratio continued, but reached only 3.5 percentage points of GDP, decelerating as a result of low GDP growth but also to debt-increasing

financial operations. In 2002, the debt ratio was still at a high level, 106.1% of GDP.

According to the updated programme, economic recovery is expected to be progressive, gaining momentum during 2003 and remaining robust in subsequent years, supported by recovery in international trade and sustained domestic demand. The programme is projecting 2.1% real GDP growth in 2003, which appears to be subject to downside risks in light of recent international developments, and more robust but plausible growth, at 2.5% in 2004 and 2005.

The 2002 update of the stability programme is projecting a balanced general government position in 2003 and surpluses of 0.3% and 0.5% of GDP, respectively, for 2004 and 2005. The ground lost compared to the targeted budgetary adjustment in the previous update would be partly recovered by a somewhat faster adjustment during 2004 and 2005."

The Council notes that the cyclically-adjusted balance, calculated by the Commission on the basis of the production function method, after improving considerably, by 0.5% of GDP, in 2002, is projected to remain practically unchanged during the period 2003-2005, reaching an estimated surplus between 0.2% and 0.3% of GDP. Consequently, the Council notes with satisfaction that Belgium continues to be in conformity with the requirement of the stability and growth pact to reach a budgetary position of close to balance or in surplus in the medium term.

The Council notes that the government debt ratio is projected to decline by about 4 percentage points of GDP per year over the period considered by the 2002 update, to 93.6% of GDP in 2005. However, the planned assumption of debt of public enterprises by the State in 2004-2005, mentioned in the programme, may temporarily reduce the pace of debt reduction. The Council considers it necessary to maintain the government debt ratio on a sustained declining trend.

The Council notes that the budgetary strategy implied by the 2002 update continues to be based on the achievement of high primary surpluses combined with declining interest payments over the period of the programme; the Council commended, in past opinions, such a strategy which, based on effective control of expenditure growth, has proved successful in eliminating budgetary deficits and allowing a significant reduction in the government debt ratio. The Council notes, however, that the primary surpluses projected in the current programme, at around 5.5% of GDP per year are lower than those, above 6% of GDP, realised in recent years; moreover, the Council notes the Government's intention to implement the 1.5% limit on real expenditure growth for Entity I (including the Federal Government and Social Security), even though no mention is made of it in the current update. The Council urges the Belgian authorities to stick to this limit over the programme period.

The Council considers that the fiscal consolidation projections in the 2002 updated programme represent the minimum effort required in order to meet the challenge of a rapid reduction in the still very high debt ratio and to prepare for the budgetary implications of population ageing. The Council considers that, given projected real GDP growth accelerating to 2.1%, further budgetary adjustment would be warranted in 2003.

The Council recommends to the Belgian authorities to seek every opportunity to realise further budgetary adjustment in 2003 and in subsequent years. The Council urges the Belgian authorities to maintain primary surpluses at around 6% of GDP per year and to continue to respect the limit of 1.5% per year on real primary expenditure growth for Entity I, over the period covered by the programme.

The Council welcomes the measures adopted in 2001 with a view to improving the monitoring of the sustainability of public finances as part of the annual budgetary planning process, which include regular assessments of the budgetary impact of ageing populations. On the basis of current policies, and in particular the policy of sustaining high primary surpluses, Belgium should be able to meet the budgetary costs of ageing populations. However, it should be borne in mind that long-run budgetary developments in a high debt country like Belgium are very sensitive to medium-term budget target being achieved and sustained over the long-run.

A failure to continue the policy of running large primary surpluses would mean that the risk of unsustainable public finances could not be excluded. To ensure the sustainability of public finances, debt reduction needs to be complemented with measures to raise employment rates, especially amongst older workers as the effective retirement age is one amongst the lowest of all EU countries.

The Council notes with satisfaction the progress made in implementing structural reforms including draft legislation for setting up the framework for supplementary pensions, the simplification of administrative procedures for business activity and continued implementation of tax reform aimed at improving the performance of the economy and encouraging employment creation. The Council deems it important that the budgetary cost of structural reforms, notably those involving tax and non-tax burden reduction, be kept consistent with the targeted budgetary adjustment and the reduction of the government debt ratio be ensured.

The Council welcomes the renewed agreement between the various parts of government to set budgetary objectives and the commitment to ensure their achievement; the Council considers such internal stability programmes, particularly appropriate in the federal institutional framework of Belgium."

***COUNCIL'S OPINION ON THE UPDATED STABILITY
PROGRAMME OF IRELAND - 2003-2005***

"The Council of the European Union,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and co-ordination of economic policies¹, and in particular Article 5 (3) thereof,

Having regard to the recommendation of the Commission,

After consulting the Economic and Financial Committee,

has delivered this opinion:

On 18 February 2003 the Council examined the 2002 update of Ireland's stability programme, which covers the period 2003-2005. The update broadly complies with the data requirements of the revised code of conduct on the content and format of stability and convergence programmes. However, compliance would be strengthened by explaining the nature and significance of the large contingency provisions included in the public finance projections for the final two years of the programme. The economic policies as reflected in the planned measures in the programme update broadly comply with the Broad Economic Policy Guidelines for 2002.

The Council welcomes the commitment of the Irish government to let the Stability and Growth Pact provide the framework for its budgetary policy. However, it notes that, following the very large deterioration in the budget balance in 2001, and in spite of an upward revision of GDP growth and inflation for 2002, the projected budgetary outcome is a deficit of 0.1% of GDP, half a percent of GDP worse than planned in last year's programme. In cyclically-adjusted terms, the deficit in 2002 becomes significantly worse, not in line with the close-to-balance requirement of the Stability and Growth Pact, although the estimate of the output gap presents unusual margins of uncertainty due to the special features of the Irish economy.

Due to revenue reasons, the budgetary stance turned out to be expansionary in 2002 rather than broadly neutral as recommended for that year in the Broad Economic Policy Guidelines.

The programme's macroeconomic scenario assumes a gradual recovery towards growth around that generally accepted to be sustainable in the medium term, of around 5%. The potential growth rate derived by the Commission

based on the data in the programme initially exceeds, but, by the end of the programme, converges to this rate. The projected downward path of inflation ought to be attained, otherwise there would be a significant risk to competitiveness and price stability if wage expectations fail to adapt to the changed economic environment.

The Council observes that the new programme further deepens and extends the downward shift in the projected path for the general government balance that was outlined in the previous programme. The actual balance is projected to continue to deteriorate in 2003 and 2004 (with the deficit rising to 0.7% and 1.2% of GDP respectively and the primary surplus falling to 0.9% and 0.3% of GDP). The deficit stabilises at 1.2% of GDP in the last year of the programme. The Council notes with concern that this coincides with a return to Ireland's sustainable growth in the medium term. The reason for the deterioration over the programme period is that the trend decline in the revenue ratio outweighs the modest drop in the expenditure ratio achieved through expenditure restraint. Excluding the build-up of assets in the National Pension Reserve Fund, the debt ratio would continue to fall throughout the period, rather than record a marginal rise to 35% towards the end of the programme period.

The Council notes however that important considerations bear on the examination of the budgetary position in the programme. First, subject to the above-mentioned uncertainties about the measurement of the output gap, the underlying deficit is estimated to have peaked in 2002 and to move closer to balance towards the end of the programme period, in spite of the ongoing deterioration in the actual balances. Specifically, a tightening of fiscal policy of about ½ percentage point of GDP is foreseen in 2003, when the budget implements a cut in capital expenditure, a marked reduction in the growth rate of current expenditure and an overall stabilisation of the tax burden. According to Commission calculations, the underlying deficit is 0.6% of GDP in 2003 and in 2004, and declines to 0.4% in 2005.

However, the targets in the programme respect the safety margin against breaching the 3% of GDP threshold for the deficit ratio. The Council urges the Irish authorities to ensure that the budgetary stance is implemented as planned in the programme.

Second, as in all previous stability programmes, the budgetary targets for the final two years incorporate contingency provisions against unforeseen developments. Should these contingency provisions (0.4% and 0.8% of GDP in 2004 and 2005 respectively) not be used, this would result in a significant improvement in the budgetary position projected for the medium term.

The low level of the primary surpluses projected in the programme reflects the impact of multi-annual measures, particularly the investment programme expected to peak with the National Development Plan 2000-

2006. The programme targets imply an underlying deficit of around $\frac{1}{2}\%$ of GDP in each year (including contingency provisions), reaching a level of close-to-balance or in surplus by the end of the period, which would be in line with the requirement of the Stability and Growth Pact. The Council notes that, should Ireland make only limited use of the contingency provision, the close-to-balance position would be reached already in 2004.

The update reviews the government's structural reform programme, which focuses on lowering the tax burden, broadening the tax base, improving public services and addressing infrastructural needs through the further implementation of the National Development Plan. The Council welcomes the range of measures, outlined in the programme, to improve the management and control of public expenditure and urges the Irish authorities to supplement this with the development of a comprehensive norm-based framework to guide public spending in the medium term.

With its low debt level and gradual build-up of assets in the National Pensions Reserve Fund, Ireland seems to be in a relatively strong position to cope with the budgetary impact of ageing populations. Nonetheless, the Council notes the risk of budget imbalances in the long run on the basis of current policies. A financing gap may emerge over time if age-related spending as a share of GDP approaches the average level for the EU and if the tax ratio is left unchanged. To ensure that public finances are on a sustainable footing, it is thus important to develop sustainable financing arrangements for social welfare expenditure and to maintain a close-to-balance or in surplus position over the long run."

Rådets beslutning vedrørende Komitéen for finansielle tjenester

"THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLS that the Council in its conclusions of 3 December 2002 stated its willingness to take a decision on the establishment of a new committee with the purpose of providing advice and oversight for the Council and the Commission on a range of financial market issues;

2. Accordingly ESTABLISHES the Financial Services Committee (hereinafter called the "Committee"), with the following tasks:

- provide for cross-sectoral strategic reflection, separate from the legislative process,
- help to define the medium- and long-term strategy for financial services issues,
- consider sensitive short-term issues,
- assess progress and implementation,
- provide political advice and oversight on both internal issues (e.g. single market, including implementation of the Financial Services Action Plan) and external issues (e.g. WTO);

3. AGREES the following as for the composition, the chairmanship and the functioning of the committee:

- the Commission and each member of the Council shall appoint one high-level representative and one alternate to the Committee; a representative of the European Central Bank and the Chairs of the relevant Community committees of regulators will have observer status;
- the Committee shall have one Chair and one Vice-Chair which it shall appoint from among the representatives of the Member States; the Chair and the Vice-Chair shall serve for two years; the first Chair shall be appointed by the Economic and Financial Committee;
- the Member State whose representative is appointed Chairman shall have one additional representative on the Committee for the Chairman's period of office;
- the Chairman and Vice-Chair, together with the representative from the Commission, the representative from the Member State holding the Presidency of the Council for the duration of its office, a representative of the General Secretariat of the Council and a representative from the Secretariat of the Economic and Financial Committee shall co-operate closely with a view to facilitating the work of the Committee;
- the Committee shall report to the Economic and Financial Committee in order to prepare advice to the Council (ECOFIN), taking into account the established role of COREPER;

- the Chairman of the Committee shall be available for a regular exchange of views on strategic developments related to financial markets with the Committee on Economic and Monetary Affairs of the European Parliament;

- the Committee shall adopt its own rules of procedure in accordance with the Council's rules of procedure;

- the secretariat shall be provided by the General Secretariat of the Council;

4. NOTES that the Committee's activities will be without prejudice to the Commission's right of initiative;

5. DECIDES to review this Decision in the second half of 2004."

The Council also agreed on making the following statement:

"The Council finds that the Chair of the FSC should ideally be a member of the EFC".

Rådskonklusioner vedrørende øget kvalitet af budgetstatistikker

"Council conclusions - Code of best practice on the compilation and reporting of data in the context of the excessive deficit procedure

This code of best practice aims at clarifying and streamlining procedures, both at the Member States and the Commission levels, when compiling and reporting government accounts, in particular data for government deficit and debt, covering the previous four years (actual data) and the current year (planned data) in the context of the Excessive Deficit Procedure (EDP).

The code respects the definitions, deadlines or obligations established by the legal acts in force. The reporting procedure is governed by Regulation 3605/93⁴. The Protocol on the EDP annexed to the Treaty stipulates in Article 4 that *The statistical data to be used for the application of this Protocol shall be provided by the Commission.* Therefore, the Commission fulfils the role of statistical authority. However, it does not directly compile government data in the Member States but depends on data compiled and reported by the national authorities. For that reason, the accurate and speedy compilation of budgetary data and their prompt reporting to the Commission is of utmost importance.

The Commission's role as statistical authority in the context of the EDP is exercised by Eurostat, on behalf of the Commission.

1. Compilation of budgetary data by Member States

Actual data: The actual data of the ESA 95 government accounts shall be compiled by the National Statistical Institutes (NSIs), and where applicable by the National Central Banks (NCBs). In certain Member States, in view of current national institutional arrangements actual data can be compiled by the Ministries of Finance (MOF). The NSIs act in full scientific independence, in strict respect of the accounting rules as defined in Regulation 3605/93, Regulation 2223/96² (the ESA-95 Regulation), and in the ESA-95 Manual on Government Deficit and Debt. Central, regional and local government and the social security funds shall ensure that the accurate basic data and other information needed for compiling reliable ESA-95 accounts is made available to the compiling authorities in time and with sufficient detail.

Planned data: The planned data are, in general, provided by the Ministries of Finance on the basis of the ESA 95 government accounts. They shall be the most recent official forecasts, taking into account the most recent budgetary decisions and economic developments and prospects, and should be produced shortly before the reporting deadline where possible. The planned data together with the actual data must form a consistent time series.

2. Reporting of budgetary data by Member States to the Commission

Reporting deadlines: Member States shall strictly comply with the reporting deadlines before 1 March and before 1 September as laid down by Regulation 3605/93³. The reporting institutions . for actual data in general the NSI (in co-operation with the NCB, where applicable) or in certain cases the MOF, and for planned data in

general the Ministry of Finance – take responsibility for the content, timeliness and transmission of their respective part of the report.

Reporting tables: The Commission shall, in co-operation with the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), as soon as possible put forward a more detailed set of reporting tables and required supplementary information, on the basis of the legal acts in force⁴. This shall be implemented by the March 2004 notification.

Revisions: Member States shall inform the Commission, as soon as they become available, of revisions of the actual accounts and of major revisions of the planned data. Major revisions should be properly documented including a breakdown of the revisions. In any case, revisions have to be reported and properly documented if the reference values as specified in the relevant Treaty Protocol are being surpassed.

3. Securing the quality of the actual budgetary data

Statistical inventory: For the purpose of data quality assessment by the Commission, the NSIs (in co-operation with the NCBs and the MOFs, where applicable) shall, following a proposal by Eurostat and after consultation of the CMFB, during 2004 provide a detailed inventory of the methods, procedures and sources used for the compilation of actual government deficit and debt data.⁵ This inventory shall be updated regularly.

Resolving methodological issues: When there are doubts on the correct accounting treatment of a specific government measure, without prejudice to the authority exercised by Eurostat on behalf of the Commission, Member States are strongly advised to at the earliest stage organise consultations at national level between the Finance Ministry, the NSI, and where applicable the NCB. In cases where the doubts prevail, the NSI shall formally ask Eurostat to rule on the matter.

Eurostat shall liaise with other Commission departments, and if necessary with the ECB, and give prompt advice about the recording of the government transaction in question in the ESA-95 accounts⁶.

In cases which are not covered adequately by ESA-95, or are particularly complex or of general interest, Eurostat shall consult the CMFB before taking a decision⁷. The Member States shall provide Eurostat and the CMFB with the information necessary to decide on any accounting issue. Eurostat as a general rule shall publish its decision, together with the CMFB opinion, within the timetable laid down in the CMFB rules of procedure for consultations on EDP statistics.

The decisions of Eurostat shall be systematically presented in the ESA-95 Manual on Government Deficit and Debt, which is regularly updated and which may lead to amendments of ESA-95 in case of substantial clarifications. In case amendments are required, the Commission shall initiate secondary legislation in conformity with the rules on competence and procedure laid down in the Treaty and Regulation (EC) No. 2223/96 (the ESA-95 Regulation). Eurostat can also take decisions on the accounting of government transactions on its own initiative. The CMFB may also provide opinions on its own initiative.

Monitoring of data: Eurostat assesses the compliance of the reported data with the accounting rules, including the completeness, plausibility and consistency of the data. The Member States shall promptly provide the Commission access to the information required for the purpose of this assessment. Eurostat may when necessary examine in depth the ESA-95 government accounts of each Member State. Eurostat may request the assistance of other parties represented in the CMFB, and may publish the results, taking due account of the confidentiality of statistical data.

4. Publication of the budgetary data by the Commission

Actual data: Eurostat shall assess and publish for each Member State the actual government deficit and debt figures, within two weeks after the reporting deadline. Delays in the reporting by any Member State do not constitute a motive for Eurostat to delay its publication.

Any reservation expressed when publishing the actual data, including if necessary and possible amendments by Eurostat and a reference to the objected figures, shall be communicated no later than two working days before this publication, to the Member State concerned and to the EFC President. When the issue is subsequently resolved, the withdrawal of the reservation is also published. Following revisions, the Commission (Eurostat), recording the results of the debate with the Member State, shall within two weeks publish on their website the updated government accounts and the effects on government deficit and debt.

Planned data: The Commission does not publish the reported planned data. However, the planned data are communicated by the Commission to the EFC. These data do not preclude the Commission (DG ECFIN) to publish their own forecasts.

Reporting to the EFC: In a report on the *main reporting results* to the EFC within one month after the reporting deadline, the Commission shall summarise major issues or problems in the reporting tables submitted by the Member States, with a view to find solutions and to constantly improve the quality and timeliness of data. The EFC may request further information or a follow-up to the report."

Rådskonklusioner vedrørende 5. fremskridtsrapport om informationskrav i ØMU

"The Council endorsed the fifth progress report by the Economic and Financial Committee on information requirements in EMU. The report examines progress on the implementation of the Action Plan on EMU Statistical Requirements (EMU Action Plan), endorsed by Ecofin Council in September 2000, as well as progress on the original report by the Monetary Committee on Information Requirements in EMU endorsed by Ecofin Council in January 1999. Ministers decided that the fifth progress report would be made public.

The Council considers that a number of Member States still need to increase efforts to fulfil their obligations under the EMU Action Plan in order to improve the statistical basis for economic and monetary policy making in EMU/EU. The targets in several statistical areas set for the end of 2001 or the end of 2002 have not yet been met. Even if clear improvements have been recorded, more remains to be done notably in Spain and Italy, and to a lesser extent in France. To fulfil the needs of country-by-country analysis, also Greece, Ireland, Luxembourg and Portugal need to do more. Urgent attention should be devoted to the areas of quarterly national accounts by institutional sector (households and companies); quarterly government expenditure and revenue; the requirements in the labour markets; and new orders for industry and external trade data.

The Council furthermore considers that in order to meet shortcomings identified in the original Monetary Committee report, there is the need for a re-balancing of statistical priorities, and a number of coordinated actions should be implemented by the Member States, notably in regard of the list of Principal European Economic Indicators established by the Commission, balance of payments statistics, and statistics on services.

The Council invites the statistical offices in the Member States to take the necessary action as a matter of priority. A follow-up report, including the acceding countries, should be submitted in 2004."