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Recommendation for a

COUNCIL DECISION

abrogating Decision 2010/283/EU on the existence of an excessive deficit in Belgium

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 126(12) thereof,

Having regard to the recommendation from the Commission,

Whereas:

(1) By Council Decision 2010/283/EU of 2 December 2009[1], following a recommendation from the Commission, it was decided that an excessive deficit existed in Belgium. The Council noted that the general government deficit planned for 2009 was 5.9% of GDP, thus above the 3% of GDP Treaty reference value, while the general government gross debt was planned to reach 97.6% of GDP in 2009, thus above the 60% of GDP Treaty reference value[2].

(2) On 2 December 2009, in accordance with Article 126(7) of the Treaty and Article 3(4) of Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure[3], the Council, based on a recommendation from the Commission, addressed a recommendation to Belgium with a view to bringing the excessive deficit situation to an end by 2012 at the latest. The recommendation was made public.

(3) On 21 June 2013, on the basis of a Commission recommendation, the Council decided under Article 126(8) of the Treaty that Belgium had not taken effective action in compliance with the Council Recommendation of 2 December 2009 to correct its excessive deficit by 2012, and decided under Article 126(9) of the Treaty to give notice to Belgium to put an end to the excessive deficit situation by 2013. Belgium was given the deadline of 15 September to report on the measures taken to comply with this decision in accordance with Article 5(1a) of Council Regulation (EC) No 1467/97. On 15 November 2013, the Commission concluded that Belgium had taken

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1 OJ L 125, 21.5.2010, p. 34.

2 The general government deficit and debt for 2009 were subsequently revised to 5.6% and 95.7% of GDP respectively.

3 OJ L 209, 2.8.1997, p. 6.

effective action and that no further steps in the excessive deficit procedure were needed at that moment.

(4) In accordance with Article 4 of the Protocol on the excessive deficit procedure annexed to the Treaties, the Commission provides the data for the implementation of the procedure. As part of the application of this Protocol, Member States are to notify data on government deficits and debt and other associated variables twice a year, namely before 1 April and before 1 October, in accordance with Article 3 of Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community[4].

(5) When considering whether a decision on the existence of an excessive deficit should be abrogated, the Council should take a decision on the basis of notified data. Moreover, a decision on the existence of an excessive deficit should be abrogated only if the Commission forecasts indicate that the deficit will not exceed the 3% of GDP threshold over the forecast horizon[5].

(6) Based on data provided by the Commission (Eurostat) in accordance with Article 14 of Regulation (EC) No 479/2009 following the notification by Belgium before 1 April 2014, the 2014 Stability Programme, and the Commission 2014 spring forecast, the following conclusions are warranted:

– After peaking at 5.6% of GDP in 2009, of which around 0.7 % of GDP due to one-off factors, Belgium's general government deficit was brought down to 2.6% of GDP in 2013, in line with the Council decision of 21 June 2013. The improvement was driven by significant fiscal consolidation, as well as by an improvement in the cyclical conditions.

– The stability programme for 2014-17, submitted by the Belgian government on 30 April 2014, plans the deficit to decline to 2.15% of GDP in 2014 and then fall to 1.4% of GDP in 2015. Based on a no-policy-change assumption, the Commission 2014 Spring forecast projects a deficit of 2.6% of GDP in 2014, and 2.8% of GDP in 2015. Thus, the deficit is set to remain below the Treaty reference value of 3% of GDP over the forecast horizon.

– After improving by 0.7% of GDP in 2013, the structural balance, i.e. adjusted for the economic cycle and net of one-off and other temporary measures, is forecast to remain stable in 2014 and worsen slightly in 2015, based on a no-policy-change assumption. In this context, it appears that there is currently an emerging gap of 0.5% of GDP relative to the required adjustment of the structural balance towards the medium-term objective in 2014, suggesting that there is a need to reinforce the budgetary measures in order to ensure full compliance with the preventive arm of the pact in view of the emerging risk of

[4] OJ L 145, 10.6.2009, p. 1.

[5] In line with the “Specifications on the implementation of the Stability and Growth Pact and Guidelines on the format and content of Stability and Convergence Programmes” of 3 September 2012. See: http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/code_of_conduct_en.pdf

a significant deviation from the required adjustment path and the breach of the debt benchmark.

– The debt-to-GDP ratio rose by around 5 percentage points between 2009 and 2013, to 101.5%, in part due to Belgium's contribution to financial assistance to euro area Member States. The gross government debt is forecast to remain around this level in 2014 and 2015.

(7) The Council recalls that, starting in 2014, which is the year following the correction of the excessive deficit, Belgium is subject to the preventive arm of the Stability and Growth Pact and should progress towards its medium-term objective at an appropriate pace, including respecting the expenditure benchmark, and make sufficient progress towards compliance with the debt criterion in accordance with Article 2(1a) of Council Regulation (EC) No 1467/97 of July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure.

(8) In accordance with Article 126(12) of the Treaty, a Council Decision on the existence of an excessive deficit is to be abrogated when the excessive deficit in the Member State concerned has, in the view of the Council, been corrected.

(9) In the view of the Council, the excessive deficit in Belgium has been corrected and Decision 2010/283/EU should therefore be abrogated,

HAS ADOPTED THIS DECISION:

Article 1

From an overall assessment it follows that the excessive deficit situation in Belgium has been corrected.

Article 2

Decision 2010/283/EU is hereby abrogated.

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels,

For the Council
The President