

ORAL QUESTION H-0295/06

for Question Time at the part-session in April 2006
pursuant to Rule 109 of the Rules of Procedure
by Gábor Harangozó
to the Commission

Subject: Hungarian budget deficit

In March 2005, the Council explicitly recommended to Hungary to take effective action in order to reach its budget deficit targets as set out in its updated convergence programme. In its decision of 8 November 2005, the Council stated clearly that the timing and implementation of any tax cuts are to be conditional upon the achievement of the budget deficit targets (Decision 2005/843/EC¹).

In this respect, the Council underlines that the policy behind the budgetary stance in the programme needs to be substantiated to ensure its consistency with a correction of the excessive deficit by 2008. Moreover, according to Council's recommendation, the budgetary outcome could be much worse unless the fiscal measures underpinning the fiscal objectives are specified and strictly implemented. It is in view of the above assessment that the Council considers that effective fiscal action is required.

Finally, it is stated that if the Council considers that no effective action has been taken in response to the recommendations addressed under Article 104(7), it must take a decision to that effect.² The Commission is entrusted with budgetary surveillance and monitoring the implementation of the excessive deficit procedure. In the view of the above recommendation, I would like to ask the Commission what would be the consequences or sanctions for Hungary if further tax cuts were to be introduced in spite of the Council recommendation?

Tabled: 23.03.2006
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¹ OJ L 314, 30.11.2005, p.18.

² According to the provisions of Article 104(8) of the Treaty and of Article 4(1) of Council Regulation (EC) No 1467/97 (as amended by Council Regulation (EC) No 1056/2005).