

VALDIS DOMBROVSKIS
Vice-President of the European Commission

PIERRE MOSCOVICI
Member of the European Commission

Brussels, 25th October 2016

Dear Minister,

Thank you for the submission of Finland's Draft Budgetary Plan (DBP) for 2017, which we received on 13 October.

A preliminary assessment of the DBP suggests that the planned change in the structural balance is well below the recommended improvement of at least 0.6% of GDP as requested by the Council on 12 July 2016. At the same time, we take note of Finland's request in the DBP to make use of the flexibility under the preventive arm in 2017 for an amount of 0.5% of GDP to take account of major structural reforms with a positive impact on the long-term sustainability of public finances and of 0.1% to take account of national investment expenditure in projects co-financed by the EU. The Commission, and later on the Council, are expected to make a thorough assessment of the application, considering the eligibility criteria. A complete assessment of the application would take place next spring at that stage of the European Semester.

Before proceeding in this direction, in line with the provisions of Article 7 of Regulation (EU) No. 473/2013 of 21 May 2013, we are writing to ask for further information on a number of points. In particular, we would like to receive any further information you deem relevant to the assessment of your request for flexibility, especially regarding the respect of the required safety margin, the envisaged adjustment path towards the Medium Term Budgetary Objective and the need to bring public debt below the Treaty reference value.

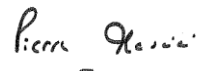
*Mr Petteri ORPO
Minister of Finance
Ministry of Finance
Snellmaninkatu 1, Helsinki PO Box 28
FI-00023 Government, Finland*

The Commission seeks to continue a constructive dialogue with Finland in order to come to a final assessment. We would welcome your views by 27 October 2016, close of business, to allow the Commission to take these into account in its further analysis. Our services stand ready to assist you in this process.

Yours sincerely,

A handwritten signature in blue ink, consisting of the letters 'V.' followed by a stylized 'D' and a long horizontal flourish.

Valdis Dombrovskis

A handwritten signature in black ink, reading 'Pierre Moscovici' in a cursive style.

Pierre Moscovici